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MADRAS LEGISLATIVE COUNCIL DEBATES

OFFICIAL REPORT

Thursday, the 11th May 1939

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PERSONNEL OF THE GOVERNMENT OF MADRAS.

GOVERNOR OF MADRAS.

HIS EXCELLENCY LORD ERSKINE, G.C.I.E.

MEMBERS OF THE COUNCIL OF MINISTERS.

1 THE HON. SRI C. RAJAGOPALACHARIAR, Prime Minister, in charge of the Public and Finance Departments.

2 THE HON. SRI T. PRAKASAM, Minister in charge of the Revenue Department.

3 THE HON. MR. YAKUB HASAN, Minister in charge of the Public Works Department.

4 THE HON. DR. P. SUBBARAYAN, Minister in charge of the Law Department.

5 THE HON. DR. T. S. S. RAJAN, Minister in charge of the Public Health Department.

6 THE HON. SRI V. I. MUNISWAMI PILLAI, Minister in charge of the Agriculture and Rural Development Department.

7 THE HON. SRI V. V. GIRI, Minister in charge of the Industries and Labour Department.

8 THE HON. SRI S. RAMANATHAN, Minister in charge of Administration Reports and Public Information Department.

9 THE HON. SRI B. GOPALA REDDI, Minister in charge of the Local Administration Department.

10 THE HON. SRI C. J. VARKEY, Minister in charge of the Education Department.

PRINCIPAL OFFICERS OF THE MADRAS LEGISLATIVE COUNCIL.

President.

THE HON. DR. U. RAMA RAO.

Deputy President.

SRI K. VENKATASWAMI NAYUDU.

Panel of Chairmen.

1. KHAN BAHADUR SIR MAHOMED USMAN SAHIB BAHADUR.
2. THE RT. HON. V. S. SRINIVASA SASTRI.
3. SRI T. A. RAMALINGAM CHETTIYAR.
4. ,, V. V. JOGAYYA PANTULU.

Secretary to the Council.

SRI D. K. V. RAGHAVA VARMA, B.A., B.L.

THE MADRAS LEGISLATIVE COUNCIL.

THIRD SESSION OF THE LEGISLATIVE COUNCIL UNDER THE GOVERNMENT OF INDIA ACT, 1935.

Thursday, 11th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Revenue of various municipalities and district boards in the Presidency, and the allotment set apart for public health expenditure.

* 220 *Q.*—SRI B. NARAYANASWAMI NAYUDU: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) what the total income is of each municipality and district board during each of the years from 1936 to 1938 and what the amount spent is by each municipality and district board towards public health expenditure and what the proportion is between the two, during the years 1936–38;

(*b*) what the public health establishment is of each municipality and district board in the Presidency during the year 1937–38; and

(*c*) what the total income of the Corporation of Madras was during the year 1937–38, what the amount spent by the Corporation towards public health expenditure was and what the public health establishment of the Corporation of Madras is?

THE HON. SRI B. GOPALA REDDI:—" (*a*) Statements [a] showing the figures for the years 1936–37 and 1937–38 are appended.

" (*b*) Details regarding the Public Health establishment of Municipal Councils and District Boards in 1937–38 are not readily available.

" (*c*) A statement [a] showing the income and expenditure referred to and a statement [a] of Public Health establishment of the Corporation of Madras for 1938–39 are appended."

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[a] Printed as Appendix I on pages 57–63 infra.

SRI B. NARAYANASWAMI NAYUDU:—"May I ask whether details regarding the Public Health establishment of Municipal Councils and District Boards in 1937–38 will be placed on the table of the House? They have not been supplied now."

THE HON. SRI B. GOPALA REDDI:—"Yes, they will be placed on the table of the House."

Recommendations of the Lee Commission and the extent to which they were carried out.

*221 *Q.*—MR. J. A. SALDANHA: With reference to the answers given to my questions No. 255 on the 14th March 1927 and No. 1651 on the 27th March 1930 in the old Legislative Council, will the Hon. the Prime Minister be pleased to state—

(*a*) the latest developments in carrying out the recommendations of the Lee Commission and the percentage of Indians in each department of the Government;

(*b*) the reasons for the pace varying from the recommendations of the Commissioners; and

(*c*) the various superior services that have been provincialized since the date of the Lee Commission's recommendations and how far vacancies have been filled in?

THE HON. SRI C. RAJAGOPALACHARIAR:—"(*a*) A statement * is laid on the table of the House.

"(*b*) The orders of the Secretary of State on the recommendations of the Lee Commission are being given effect to.

"(*c*) The following Services have been provincialized:—

(1) Indian Agricultural Service,

(2) Indian Veterinary Service,

(3) Indian Educational Service,

(4) Indian Service of Engineers,

(5) Indian Forest Service.

The cadres of the corresponding Provincial Services are being increased according to the necessities of each service.

"As regards the Indian Medical Service the position is as stated in the answer to question No. 1651, dated 27th March 1930, with the modification that the number of civil appointments to be reserved in Madras for Indian Medical Service Officers has been reduced from 23 to 21 (15 for British Officers and 6 for Indians), excluding the leave reserve of 5 posts (4 for British Officers and 1 for Indian) as against 6 in 1930."

* Printed as Appendix II on pages 64–65 infra.

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Statement showing the number of gazetted officers to whom extension of service was granted.

* 222 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Prime Minister be pleased to state whether he will place a statement on the table of the House stating the total number of gazetted officers to whom extension of service was granted during the period from 1st January 1928 to 1st January 1939, and also the following particulars with regard to each of the officers:—

(1) Name, designation and the salary of the officer;
(2) the community to which he belonged;
(3) date of the order by which the extension was granted; and
(4) the period for whiOh the extension was granted?

THE HON. SRI C. RAJAGOPALACHARIAR:—" A statement [a] is placed on the table."

Proposal, if any, to notify the temples of Sri Someswaraswami and Sri Janardanaswami of Gunupudi, Bhimavaram taluk, under the Hindu Religious Endowments Act and objections, if any, to such notification.

* 223 *Q.*—SRI P. PEDDI RAJU: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Government have proposed to notify the temples of Sri Someswaraswami and Sri Janardanaswami of Gunupudi, Bhimavaram taluk, West Godavari district, under section 65-A of Madras Act II of 1927;

(*b*) whether it is a fact that a scheme for the administration of the temples was framed by the District Court of Godavari in O.S. No. 33 of 1904;

(*c*) whether it is a fact that the Madras Hindu Religious Endowments Board has originally given notice to the trustees that the Board intends filing a suit for the modification of the scheme settled by the District Court in O.S. No. 33 of 1904; and if so, why the said proposal has been dropped;

(*d*) whether the Government will be pleased to place on the table a copy of the order of the Hindu Religious Endowments Board calling upon the trustees to file objections against the proposed notification of the temples and the order approving the notification with the grounds therefor;

(*e*) whether the trustees as well as the public objected to the notification;

(*f*) whether it is a fact that the Board passed certain proceedings on 7th September 1938 on grounds which were not alleged in the original notice;

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[a] Printed as Appendix III on pages 66–68 infra.

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(*g*) what the income of the temple lands is during the years 1935, 1936, 1937 and 1938; and whether it is a fact that the income is rising from year to year;

(*h*) whether it is a fact that large amounts of subscriptions have been collected by the present trustees during the last two years and that the temples and the surroundings have been substantially renovated;

(*i*) whether it is a fact that none of the Commissioners of the Board has inspected the temples or the accounts in spite of the requests from the present trustees;

(*j*) whether it is a fact that various important Gazetted Officers, Swamis and Madathipathis visited the temples during the last three years and wrote in the Visitors' Book very favourable remarks about the upkeep and management of the temples by the present trustees; and

(*k*) whether it is a fact that the accounts of the temples kept by the present trustees are being regularly audited from year to year?

THE HON. DR. T. S. S. RAJAN:—" (*a*) The Hindu Religious Endowments Board have decided to notify the temples to be subject to the provisions of Chapter VI-A of the Act and have now addressed Government separately in the matter.

" (*b*) Yes.

"(*c*) Yes. The proposal to file a suit was dropped by the Board since it thought that notification proceedings would be a more effective and less expensive remedy than the filing of a suit to modify the scheme.

" (*d*) The Government do not think it necessary to place the notice issued by the Hindu Religious Endowments Board on the table but are ready to give the questioner any further information he may require. The attention of the hon. Member is invited to the answer to clause (*a*) of the question. Government have not yet passed orders.

" (*e*) The trustees and some worshippers filed objections to the notification.

" (*f*) The order passed on 7th September 1938 relates to the reasons given in the notice of notification.

" (*g*) The following are the particulars of income for the years under reference:—

					Increase.		
	RS.	A.	P.		RS.	A.	P.
1935	918	9	0				
1936	1,326	7	9		407	14	9
1937	1,390	5	2		63	13	5
1938	1,438	0	0		47	10	10

"There has been a rise in the income from year to year.

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"(h) It is learnt from the Board's Inspecting Officer who made a local enquiry that the present trustees did not collect any subscriptions, that they did not maintain any accounts to show that they have collected subscriptions and that they got a portion of the temple compound wall repaired from out of the temple funds.

"(i) The Commissioner did not inspect the temples but held an enquiry into the management on 26th November 1937 at Ellore.

"(j) Yes.

"(k) The accounts of the temple kept by the present trustees were not audited regularly from year to year. The present trustees came into office in June 1935. The accounts were audited from 1st January 1932 to 1st January 1937 but not subsequently."

Closure of Andhra Paper Mills, Rajahmundry.

*224 *Q.*—SRI D. SRIRAMAMURTI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether the Government are aware of the sudden closure of the Andhra Paper Mills Co., Ltd., Rajahmundry, on the 22nd December 1938;

(b) how far the Government are responsible for the closure;

(c) how much money of the Indian public is sunk into this company and what the total number of the shareholders is;

(d) how much the Managing Agents have invested in the company;

(e) how many workmen have been thrown out of employment; and

(f) whether the Managing Agents have no intention of re-starting this company; if so, what steps the Government propose to take to revive this industry and bring it to a success?

THE HON. SRI V. V. GIRI:—"(a) Yes; the Government are aware of the closure of the mills.

"(b) The Government do not hold themselves in any way responsible for the closure.

"(c) A sum of Rs. 18,66,242-6-8 has been invested in the company by the Indian public. The total number of share-holders is Rs. 3,696.

"(d) Rs. 7,00,000.

"(e) 456.

"(f) They have agreed to resume the working of the mill at an early date."

Canning industry and the aid given to it by Government.

* 225 *Q.*—Mr. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) how far the company for canning mangoes and pine-apples at Bezwada referred to on page 19 of the Administration Report of the Department of Industries, 1937–38, has progressed and with what aid from Government; and

(*b*) whether other such companies have been formed and asked for aid from Government?

The Hon. Sri V. V. GIRI:—" (*a*) The Company referred to is the India Canning Industries, Ltd., Bezwada. It was registered as a limited company on 22nd December 1937 with the object of canning fruits, vegetables, fish, etc. The necessary plant has been set up and commercial canning operations commenced in July 1938. It is reported that the company has canned about 100,000 lb. of fruits, fish, and meat.

" The Government have agreed to take shares in the company to the value of Rs. 10,000 subject to certain conditions.

" (*b*) The Kalyanpur Sugar Mills applied for subscription of shares by the Government of the value of Rs. 50,000 in the projected company " The West Coast Canneries, Ltd." Their application was considered by the Board of Industries and they were informed that the board would be prepared to reconsider the matter if an application on a more modest scale was made."

Mr. J. A. SALDANHA:—" Are the Government aware that mangoes are very cheap in South Kanara and that large quantities of them are produced there? Will encouragement be given for the formation of a company in South Kanara on a limited scale to encourage its canning? "

The Hon. Sri V. V. GIRI:—" With regard to mangoes, I take the information from the hon. Member. As regards the rest of the question I shall look into it."

Grazing fees in reserved and panchayat forests.

* 226 *Q.*—Mr. J. A. SALDANHA: Will the Hon. the Minister for Agriculture and Rural Development be pleased—

(*a*) to place before the House a statement showing the rates of grazing fees in force in Government reserved forests and panchayat forests in the several districts, and the extent to which they have been increased or reduced during the last three years; and to state:

(*b*) what proposals there are for reducing or abolishing grazing fees and what action Government propose taking?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(a) A statement [a] giving the information is laid on the table.

"(b) As the hon. Member is aware, grazing fees have already been reduced by half in the departmental forests. The rates in some of the panchayat forests also have been reduced. The Board of Revenue will consider the question of reduction of rates in the remaining panchayat forests when the agreements with the panchayats come up for renewal."

MR. J. A. SALDANHA:—"Is the Hon. Minister aware that in the Bombay Presidency, grazing fees have already been abolished altogether? The Government are going to get several crores by means of the Sales Tax. May I enquire whether the Government would consider the proposal which I have made already for abolishing altogether the grazing fees?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"I do not think the Government have any idea of abolishing altogether the grazing fees."

MR. J. A. SALDANHA:—"May I ask whether the Government have ascertained how the Bombay Government have been able to abolish the grazing fees altogether?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"We have considered the question and we have come to a conclusion. We have reduced the fees by half."

Distribution of quinine and its products.

*227 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased—

(a) to place before the House a statement showing—

(1) the total quantity of quinine sulphate febrifuge, totaquina tablets distributed free in the malarial areas;

(2) the cost of the tablets of each kind so distributed;

(3) the agencies through which they were distributed;

(4) the areas in which the distribution was made in the years 1938–39; and to state;

(b) whether it is proposed to extend the distribution of the tablets free and if so, to what areas and at what cost; and

(c) what steps are adopted to make the treatment more popular and effective?

THE HON. DR. T. S. S. RAJAN:—"Information has been called for."

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[a] Printed as Appendix IV on pages 69-98 infra.

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Non-official organizations for carrying on health propaganda.

* 228 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) what non-official associations exist in the various districts for carrying on health propaganda;

(*b*) whether there has been a Health and Welfare Association in Mangalore for this purpose;

(*c*) whether the Health Officers of South Kanara district and the Municipality of Mangalore are members of that association and whether those Health Officers have enlisted the co-operation of the association for carrying on health propaganda; and

(*d*) whether, in view of the Madras Public Health Act being enforced in this Province, Government have issued instructions or propose issuing instructions for organizing official co-operation with such associations and enlisting the support of non-official agencies for carrying on a health crusade all over the Province?

THE HON. DR. T. S. S. RAJAN:—" (*a*) A statement [a] is laid on the table.

" (*b*) & (*c*) It is understood that there is no such association in the South Kanara district.

" (*d*) Instructions in this regard will be issued."

MR. J. A. SALDANHA:—" For the information of the Hon. Minister, I may say that I am a member of the Health and Welfare Association in Mangalore for over ten years. I am just now the President of the association. Will the Government make further enquiries about the existence of this association? "

THE HON. DR. T. S. S. RAJAN:—" The existence of the association has had to be announced to this House by the President of the association. As far as the activities of the association are concerned, so far as the Government are aware they are as good as dead. No information is available in the matter."

Stocks of quinine salts purchased by various bodies in the Province of Madras as compared with the stocks purchased by other Provinces.

* 229 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased to refer to Appendix B to the Administration Report of the Cinchona Department for 1937–38 and—

(*a*) to explain for the small quantities of quinine salts purchased by the Madras Government Hospitals and the Medical

[a] Printed as Appendix V on pages 99–102 infra.

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Stores Depot at Madras and the local bodies in this Presidency as compared with the stocks purchased by the Medical Stores at Bombay, the Central Provinces and Burma; and

(b) to state whether the Government are taking steps to have larger quantities of the salts purchased by the Government hospitals and the Medical Stores and institutions under their control?

THE HON. DR. T. S. S. RAJAN:—" (a) & (b) The total quantity of quinine salts purchased by this Government, the local bodies in this Province and the Madras Medical Stores Depot is much more than the quantities purchased by the Central Provinces and the Medical Stores Depots in other Provinces, but it is less than the quantity purchased by Burma. Only the quantity of quinine salts absolutely necessary for the medical institutions, etc., in this Province is obtained. The Government do not consider it necessary to take steps to have larger quantities purchased than are required."

MR. J. A. SALDANHA:—" May I enquire whether, for purposes of larger use by the public and for charity the Government should not purchase larger quantities of quinine? "

THE HON. DR. T. S. S. RAJAN:—" No Government is justified in buying larger quantities than it is necessary for its requirements."

Delay in the publication of the administration reports of the various departments of the Government.

* 230 Q.—MR. J. A. SALDANHA: Will the Hon. the Minister for Administration Reports and Public Information be pleased to place before the House, a statement showing the dates on which the administration reports of the several departments of Government for 1937–38—placed at the disposal of the Press and made available to the Members of the Legislature in January and February 1939—had been received in the Secretariat and to state the causes of the delay in the receipt or publication of each of them?

THE HON. SRI S. RAMANATHAN:—" A statement [a] is laid on the table of the House."

MR. J. A. SALDANHA:—" I do not find any mention of the report in connexion with education. We have just received copies of the report . . ."

MR. PRESIDENT:—" It is not a supplementary question."

[a] Printed as Appendix VI on pages 103–105 infra.

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Honorary surgeons appointed for the City hospitals.

* 231 Q.—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased—

(a) to place before the House a statement showing the names of honorary surgeons appointed for the Madras City hospitals since 1928 with their community, caste, the districts of their birth, the period for which these appointments were made; and to state

(b) whether an extension was given to any of them and if so, for how long and for what reasons;

(c) how many vacancies of honorary surgeons for the City hospitals were advertised since 1st January 1938 up to date;

(d) who all applied for the vacancies (with names, religion and caste, qualifications and practical experience); and

(e) how these applications were disposed of?

THE HON. DR. T. S. S. RAJAN:—" (a) to (e) Two statements [a] furnishing the information required by the hon. Member are laid on the table."

Alleged enrolment of teachers of Tiruturaipundi Board High School as members of Congress party.

* 232 Q.—SRI B. NARAYANASWAMI NAYUDU: Will the Hon. the Minister for Education be pleased to state whether it is a fact that some of the teachers of the Board High School, Tiruturaipundi, have enrolled themselves as members of the Congress party?

THE HON. SRI C. J. VARKEY:—" The answer is in the affirmative. Steps are being taken to ensure full compliance with the terms of G.O. No. 1503, L.A., dated the 25th April 1938, which prohibits municipal and local board officers and servants from taking part in or subscribing in aid of any electioneering party organization."

Administration of Kallimodu Chatram Funds vested with the Tanjore District Board.

* 233 Q.—SRI B. NARAYANASWAMI NAYUDU: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether it is a fact that a choultry was constructed at Tiruturaipundi from out of the Kallimodu chatram funds which is now under the management of the Tanjore District Board;

(b) if so, what the purpose is for which the choultry was constructed;

(c) whether the permission of the District Judge was obtained to divert the said Kallimodu chatram funds for the construction of this building;

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[a] Printed as Appendix VII on pages 106–108 infra.

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(*d*) if so, what the conditions imposed by the District Judge are when sanctioning the diversion;

(*e*) whether there is any working rule framed for observance in the said choultry;

(*f*) whether it is a fact that the Congress election office was opened in one of the rooms of the said choultry; and

(*g*) if so, what the period is during which the said office was kept in that building?

THE HON. DR. T. S. S. RAJAN :—"(*a*) The Tiruturaipundi choultry was constructed out of the Kallimodu chatram funds.

"(*b*) Its purpose is to provide a rest-house or halting place for travellers in Tiruturaipundi on the model of the Rajah's choultry at Tanjore.

"(*c*) & (*d*) It is reported that the permission of the District Judge was obtained to divert the said Kallimodu chatram funds for the construction of the choultry and that no conditions were imposed by the District Judge then.

"(*e*) No rules have been framed and there are no special rules other than those in vogue in other rest houses.

"(*f*) & (*g*) It is reported that elections were held there for a day by the local Congress organization, certain individuals occupied the chatram on payment of the usual rent and that no permission appears to have been granted by the district board to open any election office in the chatram."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—"May I know whether the gentlemen who occupied the rooms in the choultry sent any letter to the district board asking for permission to hold the elections?"

THE HON. DR. T. S. S. RAJAN :—"If the hon. Member wants the information, Sir, if he puts down a question, I shall call for further information."

SRI B. NARAYANASWAMI NAYUDU :—"May I know whether this occupation was after the elections, and after the advent of the Congress Ministry into office? I am asking with reference to clause (*f*)."

THE HON. DR. T. S. S. RAJAN :—"Evidently it is so, because we have occupied office now for nearly two years. I do not know whether this question relates to something that happened two years ago."

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Parents' consent, if any, for teaching Hindi compulsorily in schools.

* 234 *Q*.—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: With reference to the Hon. the Prime Minister's reply to the Budget debate in the Council, will the Hon. the Minister for Education be pleased to state—

(*a*) whether the consent of the parents is being obtained in the schools wherein Hindi is taught compulsorily; and

(*b*) whether he is prepared to allow freedom to the boys to choose to learn Hindi or not?

THE HON. SRI C. J. VARKEY:—" (*a*) & (*b*). Hindustani is taught as part of the course in Forms I to III. The teaching of no subject is made dependent on the opinions of individual pupils or parents where no question of religious or conscientious objection is involved."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" My question relates to the statement made by the Hon. the Prime Minister at the time of the Budget debate. May I ask the Hon. the Prime Minister now whether he countermands that statement? "

MR. PRESIDENT:—" It is not a supplementary question."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" It is directly opposite to the statement made by the Hon. the Prime Minister. That is why I am asking the question."

THE HON. SRI C. RAJAGOPALACHARIAR:—" The answer given by the Minister for Education is not contrary at all to anything that I said anywhere." (Laughter.)

SRI L. SUBBA RAO:—" May I ask whether there is any objection raised by the parents in regard to this matter? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I do not think it arises out of this question; but as far as I am aware, the parent of not a single boy objected out of the 30,000 pupils. The parent of one girl wanted his girl to be withdrawn, and that girl was permitted to be withdrawn."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" May I ask whether the Government have made any arrangements to consult the parents on this matter? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" There is no necessity for any special arrangements, Sir. There is sufficient agitation of which the hon. the Leader of the Opposition is aware. Parents all know their rights; they pay the fees every month, they send their children to school, willingly, it is presumed."

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SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" The Hon. the Prime Minister asks me to let him know the contradiction that I referred to. He said it was not compulsory in regard to Hindi. Was that not included along with English and other subjects about which the boys or parents have no option to say whether they are willing to study that subject or not? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" If it is a question of argument, English is taught as part of the course in Forms I to III. Arithmetic is taught as part of the course in Forms I to III, and Hindustani also is taught as part of the course in Forms I to III. There is some amount of compulsion and the same amount, I presume, in respect of all."

SRI T. C. SRINIVASA AYYANGAR:—" Is there any provision for parents being consulted in respect of other subjects? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" The position is perfectly clear, Sir. The parents are not consulted with reference to each item of the curriculum. The parents make up their minds; the children make up their minds, and the curriculum is published. If you call any particular subject compulsory in one sense, it is right, because it is part of the curriculam, but there is no compulsion in it."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Is it not a fact that there is a group called optional subjects? ".

THE HON. SRI C. RAJAGOPALACHARIAR:—" If a distinction is made between optional and Group A, we may say that this is Group A. Even optional is compulsory. One optional must be taken. The option is only between some subjects and not altogether."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" My question is whether Government will be pleased to make this one of the optionals? ".

THE HON. SRI C. RAJAGOPALACHARIAR:—" I shall again consider the proposal, Sir." (Laughter.)

Municipalities which have opened beggar homes and Government control over beggars.

* 235 *Q.*—SRI RAO BAHADUR M. RAMAKRISHNA REDDI: Will the Hon. the Minister for Law be pleased to state—

(*a*) the names of municipalities that have already opened and contemplate opening " beggar homes " to control the movements of beggars and thus check the beggar nuisance;

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(b) the names of the municipalities that requested the Government to grant contribution to them to open such beggar homes in their respective jurisdiction and to take early steps to enact a Bill to control the movements of beggars in this Province; and

(c) whether the Government propose to introduce necessary legislation to solve the beggar problem and if so, when and on what lines?

THE HON. DR. P. SUBBARAYAN:—"(a) The Government have no information at hand.

"(b) No district municipality has made such a request.

"(c) The Government consider that this is a problem which must be tackled primarily by constructive work on the part of the local bodies concerned. If and when beggar homes and similar institutions are provided by any local bodies, the Government will be prepared to consider any necessary or useful legislative measures on the subject."

Waiting sheds for bus-passengers.

* 236 Q.—MR. J. A. SALDANHA: Will the Hon. the Minister for Local Administration be pleased to state whether Government in co-operation with local bodies or the latter in co-operation with the former have built stands or sheds for passengers by motor buses at important stations with facilities for waiting passengers to sit and take refreshments, and lavatories and other such amenities of life and if so, in which places in the districts of South Kanara and Malabar, and at what cost to Government?

THE HON. SRI B. GOPALA REDDI:—" Under the provisions of the Madras Local Boards Act, 1920, and Madras District Municipalities Act, 1920, local bodies may provide cart-stands which include bus-stands also. The provision of amenities such as shelter for passengers, lavatories, etc., at the cart-stands is not compulsory under the said Acts. Nevertheless the Government have issued executive instructions directing panchayats to provide such amenities. The Government have no information as to the places where the cart or bus stands have been opened or whether the amenities referred to have been provided at those stands."

MR. J. A. SALDANHA:—" Will the Government ascertain how far the wishes of the Government have been carried out by the panchayats especially in Malabar and South Kanara? ".

THE HON. SRI B. GOPALA REDDI:—"I shall ascertain from the panchayats in those districts."

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MR. J. A. SALDANHA:—" May I also ask whether in several places in Mysore, such sheds have been built; and if so, will the Government ascertain what sort of sheds have been built in Mysore and introduce them in this Presidency? "

THE HON. SRI B. GOPALA REDDI:—" As far as finances permit, they will be asked to provide these amenities."

Development of coir industry.

* 237 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to state what steps have been taken by Government in 1938–39 and are contemplated to be taken in 1939–40 for the development of the coir industry in South Kanara, Malabar, and other districts with large coconut plantations?

THE HON. SRI V. V. GIRI:—" A coir demonstration party with headquarters at Beypore in the Malabar district held classes during 1938–39 to demonstrate and teach improved methods of coir working especially in the production of thinner and more evenly twisted yarns. The party will continue its work during 1939–40. The departmental coir making machinery has been lent to a co-operative society at Amalapuram in the East Godavari district free of charge for the purposes of demonstration and training of apprentices. Government are employing a demonstrator to assist the society in its work and have permitted the Leather Research Chemist to supervise the work. Improved methods of coir working will be demonstrated in other districts as and when necessary."

MR. J. A. SALDANHA:—" May I know if the coir demonstration party exists now in South Kanara, and is going out for demonstration purposes? "

THE HON. SRI V. V. GIRI:—" Notice."

Welfare of labourers in plantations.

* 238 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to refer to his answers to my starred question No. 1 and unstarred question No. 37 answered on 21st December 1937 and 22nd March 1938, respectively, on the subject of welfare of labourers in plantations and to state whether the Government have arrived at a decision; if so, what it is?

THE HON. SRI V. V. GIRI:—" Yes. A copy * of the orders passed concerning the welfare of labourers in plantations on the Anamalais is placed on the table of the House."

* Printed as Appendix VIII on pages 109–112 infra.

MR. J. A. SALDANHA:—"May I know why Government have confined it to the Anamalais only and whether they have in view the passing of orders in regard to other plantations?"

THE HON. SRI V. V. GIRI:—"Yes, Sir."

MR. J. A. SALDANHA:—"Will Government be able to enforce the order without being fortified by legislative powers?"

THE HON. SRI V. V. GIRI:—"I hope so."

Statistics regarding people addicted to drink evil.

* 239 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state whether the Government have taken or propose to take a census approximately showing—

(1) the number of people in the several communities given to drinking liquors and those who by custom have sanction for drinking among themselves; and

(2) the number of people among them given to the habit of excessive drinking calculated to undermine their health and disturb public and domestic peace?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(1) & (2) The answer is in the negative."

MR. J. A. SALDANHA:—"May I enquire how the Government have introduced Prohibition without statistics of the drinkers and the drunkards?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"We have been able to find out what the real feeling in the country is."

Measures for the relief of indebtedness among owners of small and large industries.

* 240 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to refer to his answer to my question No. 5 (*c*) on the 21st December 1937 and to state—

(*a*) whether Government have enquired into and ascertained the extent of depression and distress among owners of large and small industries on account of indebtedness caused by high interest exacted by capitalists, as well as other causes;

(*b*) whether Government contemplate measures for their relief by legislation for reducing the rates of interest and accumulation by compound interest as in the case of agriculturists;

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(c) if so, in the case of which industrialists Government have such policy in view to begin with; and

(d) whether Government have in view a Money Lenders' Bill for the welfare of borrowers, especially industrialists?

THE HON. SRI V. V. GIRI:—" (a) The answer is in the negative.

" (b), (c) & (d) The Government have under consideration a Money Lenders' Bill which will apply to all classes of borrowers including industrialists and it is proposed to prescribe therein the maximum rates of interest to be charged on loans to all persons other than agriculturists. No other measures affecting industrialists are under contemplation."

MR. J. A. SALDANHA:—" May I enquire when this legislation will be brought in? "

THE HON. SRI V. V. GIRI:—" As early as possible."

MR. J. A. SALDANHA:—" 'Possible' is a vague term. Some sort of period may be given, such as six months or one year."

THE HON. SRI V. V. GIRI:—" Very soon, Sir." (Laughter.)

Publication of an industrial guide.

* 241 Q.—MR. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to refer to the supplementary answer given on the 21st December 1937 to my question No. 7 (b) and to state whether steps are being taken to publish an industrial guide based on the advice given by the Industrial department to enquirers and its experience and special knowledge on the development of various industries?

THE HON. SRI V. V. GIRI:—" With reference to the answer given to the hon. Member in March 1938 in respect of his further questions on the subject, the Ninth Industries Conference did not make any recommendation on the subject of publication of an industrial guide. There is no proposal under the consideration of Government for the publication of such a guide. A note by Mr. L. B. Green, Director of Industries and Commerce, on 'the Economic Resources of the Province of Madras and Possibilities of their Development' will be made available to the public and circulated to the members of the Madras Legislature shortly."

MR. J. A. SALDANHA:—" May I ask who is the author? "

THE HON. SRI V. V. GIRI:—" I have stated that; Mr. L. B. Green."

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Depression among owners of handloom factories in South Kanara.

* 242 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there is considerable depression among owners of handloom factories in Soutb Kanara;

(*b*) what aids have been sought by them from Government or bodies aided by Government; and

(*c*) what relief has so far been given and with what success or failure and if the latter, why?

THE HON. SRI V. V. GIRI:—" (*a*) The Government are aware of the general condition of handloom weavers in this Presidency. But they have no particular information as regards the condition of owners of handloom factories in South Kanara.

" (*b*) & (*c*) An application for a loan under the Madras State Aid to Industries Act, 1922, was received by the Director of Industries and Commerce from a proprietor of a handloom factory in South Kanara. As the Board of Industries did not recommend the grant the Government had no option but to reject it."

MR. J. A. SALDANHA:—" May I know whether the textile co-operative society in South Kanara did not apply for aid and whether it was granted or refused? "

THE HON. SRI V. V. GIRI:—" Notice."

Objections, if any, to the message sent by the Premier on the reconversion of certain families from Christianity to Hinduism at Devakottai.

* 243 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Prime Minister be pleased to state whether, having regard to his position as Premier, objections have been raised to the message sent by him on the occasion of the Shuddhi ceremony on the reconversion of certain families from Christianity to Hinduism at Devakottai, on the ground of breach of neutrality in regard to religions of the various communities?

THE HON. SRI C. RAJAGOPALACHARIAR:—" I answered it in the other House; I thought the hon. Member might not therefore put the qnestion, Sir.

" Certain Harijan families in Devakottai taluk, who had recently adopted Christianity as a result of caste oppression known by the name of Nattar-Harijan trouble, went back

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to their old forms of worship and prayer. A formal public ceremony was gone through to mark the re-union of their families with their relatives who had continued in Hinduism.

" On this occasion a message was asked of me and I sent one. I presume this would have been asked of me even if I had not been Premier. I do not think my message could possibly amount to a breach of the Government's neutrality in regard to religions. My attachment to Hinduism and my desire for the removal of untouchability are consistent with the greatest regard and love for Christianity and those who profess it. My worshipful attitude towards Christ and His teachings was not inconsistent with the message I sent on this occasion which was not sent as from a Premier, but from a Hindu. I framed my greetings in words which particularly emphasised that the change over should not be in expectation of any material gain or advantage. I assure the hon. Member that he need have no apprehensions that liberty of faith will be jeopardized by me in any way.

" A copy [a] of the message I sent is placed on the table. It embodies my personal opinion and has nothing to do with Government."

Sri A. RANGASWAMI AYYANGAR:—" May I know whether the Hon. the Premier has ceased to be a Hindu after he accepted office? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" On behalf of Government, I say No, Sir." (Laughter.)

Sri A. RANGASWAMI AYYANGAR:—" Is it not a fact that the persons referred to got into Christianity because of the oppression meted out to them and after the establishment of the Harijan Sevak Sangh, the trouble practically ceased and therefore there was no longer any reason for their remaining in the Christian fold? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" What I know on the subject has been already answered by me, Sir."

Sri T. C. SRINIVASA AYYANGAR:—" May I ask if the Hon. the Premier sent the message after the Harijans had definitely resolved to come back to Hinduism? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" Not only after their resolution to come back, but after a formal function was fixed, some lady wrote to me on the subject saying that everything was fixed up and I should send my message to them; it was only at that stage that the message was sent. So, it must be long after the resolution."

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[a] Printed as Appendix IX on page 112 infra.

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MR. J. A. SALDANHA:—" May I know, Sir, when once a private gentleman takes up an official position as Premier, and sends a message, whether that message would not be misconstrued by the public as being sent in his public capacity?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I have already given the assurance in this respect and certainly the hon. Member who puts the question could have no such misapprehension."

Variations in land revenue in certain districts.

* 244 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Revenue be pleased—

(*a*) to place before the House a statement showing the increase or decrease of land revenue in British ryotwari areas in the districts of South Kanara, Coimbatore and Guntur for the faslis 1346, 1347 and 1348;

and to state—

(*b*) the causes of such fluctuations;

(*c*) the orders, if any, passed by Government or the Revenue Board sanctioning the increase or decrease;

(*d*) the remissions, if any, of the revenue sanctioned and effected in the districts mentioned in the specified years; and

(*e*) what the policy and programme of Government are as to the increase or decrease of land revenue for the next three years—1939–40, 1940–41 and 1941–42—in this Province?

THE HON. SRI T. PRAKASAM:—" (*a*) The attention of the hon. Member is invited to columns 58 to 61 in Statement No. 4 appended to the Jamabandi Reports for faslis 1346 and 1347. The figures for the current fasli are not yet available.

" (*b*) The fluctuations result from the combined effect of fresh grants of land, relinquishments, variations in the areas irrigated and in the areas in which second crop is raised, seasonal and other remissions, variations caused by the introduction of resettlements and changes resulting from acquisition, transfers of land from one head to another and other such causes.

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" (*c*) The question is far too wide for a specific answer to be given. As indicated in the answer to clause (*b*), the fluctuations result from a variety of causes and orders in regard to several of them are issued both by the Board of Revenue and by the Government.

" (*d*) The attention of the hon. Member is invited to columns 34 to 49 in Statement No. 4 appended to the Jamabandi Reports.

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"(e) As indicated in the answer to clause (b), the amount of land revenue depends on a number of factors, some of which have nothing to do with the policy and programme of the Government. In so far as the factors dependent on the policy of the Government are concerned, the hon. Member is informed that there is no separate policy with regard to particular districts and that the general land revenue policy of the Government in regard to the Province as a whole is under consideration."

MR. J. A. SALDANHA:—"May I enquire, Sir, when this new policy of the Government is going to be carried out, for we have been told for the last three years that it has been under consideration?"

THE HON. SRI T. PRAKASAM:—"It is taking a definite shape and I think it will not be very long."

[*Note*.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—GOVERNMENT BILLS.

(1) THE MADRAS ENTERTAINMENTS TAX BILL, 1939 (L.A. BILL NO. 9 OF 1939), AS PASSED BY THE ASSEMBLY.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Mr. President, I beg to move—

'*that the Bill*[a] *to impose a tax on amusements and other entertainments in the Province of Madras (L.A. Bill No.* 9 *of* 1939), *as passed by the Assembly, be taken into consideration at once.*'

"In doing so, I wish to explain that the main purpose of the Bill is to provincialize the whole of the tax on entertainments and to pay compensation to the local bodies concerned in respect of the amounts that they have hitherto been receiving from this source and to levy a tax on the lowest class of tickets also, thereby making all tickets liable to the provincial taxation, though it is small. This, hon. Members are aware, was one of the measures contemplated in the Budget itself when I introduced it, and the matter has been discussed more or less from all points of view. Certain amendments have been proposed which will be discussed later. I beg to move, Sir, that the Bill be taken into consideration at once."

SRI B. NARAYANASWAMI NAYUDU:—"May I enquire from the Hon. the Premier the probable yield of this tax and the share that will go to the local bodies?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I think I have given it in the Budget speech; it is a few lakhs and I am not quite able to get at the exact figures now. I have already mentioned it in the Assembly and in this House that it is a few lakhs. It is

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[a] Printed as Appendix X on pages 113–122 infra.

not a question of the apportionment of the share. But all that the local bodies have hitherto been earning will be given to them; all those who were levying this tax will have it; and all those who did not care to levy this tax will not have it. According to this, all those who framed their financial schemes on the basis of this levy will be given the amount they have been earning hitherto."

SRI B. NARAYANASWAMI NAYUDU:—" I only wanted to know what amount on an average the local bodies will receive by this tax?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" Roughly a few lakhs. Do you want it separately?"

SRI B. NARAYANASWAMI NAYUDU:—" I want to know the total amount of the provincial tax that will go to the relief of the local bodies?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I will give it in the course of the debate."

DR. SIR K. V. REDDI NAYUDU:—" Sir, assuming that the entertainment places are increased in number and the number of visitors and spectators increase, will the local bodies be given the excess that will be then collected?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—" That is not the scheme of the Act. The proposed measure is intended only to pay compensation to those local bodies which have hitherto been actually receiving the amount; and the scheme is to make the whole of the tax a provincial tax. Many of the entertainment companies move from place to place, except in large cities where they are fixed. The intention is not to leave the income from them as a local body's resource, but to make it a provincial source and to compensate the local bodies only in such cases where they have been receiving the money and only to that extent."

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

Clause 3.

S. K. AHMED MEERAN SAHIB BAHADUR:—" Mr. President, I have given notice of a small amendment as regards the definition of 'admission' in sub-clause (1), namely:—

> '*In the definition of " admission " in sub-clause* (1), *insert a semi-colon after the word " amusement " in line* 3 *and* omit *all the words occurring after it.*'

" I have given notice of this amendment more in order to try to understand what exactly is meant by the term and if the Hon. the Premier will explain to me what exactly the import of it is,

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I will consider whether I should press my amendment or withdraw it. According to the definition, 'admission' includes admission as a spectator or as one of an audience, and admission for the purpose of amusement by taking part in an entertainment. The amendment which I have given notice of seeks to delete the words 'by taking part in an entertainment.' I suggest that by deleting those words, the meaning would be clear, but by retaining those words, it would be rather confusing. I am not able to understand the import of it. As I understand it, it may even mean this. If there is a drama and if there is an actor who takes part in the entertainment because he plays the part of some actor, and if he wants to get admission, he has to pay the tax or the entrance fee. I do not know whether the authors of the Bill meant that also and if they did not mean that, I would suggest the deletion of the words. If that is not so, I would like the Hon. Premier to explain the import of it. I know these words are there in the old Act. But, I think, here it is superfluous for it would lead to confusion. With these few words, Sir, I move my amendment."

SRI B. NARAYANASWAMI NAYUDU:—"I second the amendment, Sir. If a man goes to the stage and takes what may be called a dummy part, is he to pay a tax or not? As Mr. Meeran put it, it is not clear whether it is the intention of the authors that actors also should pay."

DR. SIR K. V. REDDI NAYUDU:—"There is also another doubt, Sir. Some members of the public including members of this House are sometimes asked to open a show or even to be present at such functions by invitation. Will they also be taxed?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I want to draw the attention of all the hon. Members who spoke just before this to the language of clause 4 in anticipation, which says:

> 'Except as otherwise expressly provided in this Act, there shall be levied, and paid to the Provincial Government, on all payments for admission to any entertainment, a tax (hereinafter referred to as the entertainments tax) at the following rates, etc.'

so that, the operative part of the Act, namely, clause 4 which puts the tax in motion, will not apply to any case where there is no payment for admission. The only question here is in regard to what is termed 'admission.' Payment is a necessary essential for taxation. Payment for admission is the phrase used in clause 4; and therefore in clause 3, 'admission' is defined thus:—

> '"admission" includes admission as a spectator or as one of an audience, and admission for the purpose of amusement by taking part in an entertainment.'

That is to say, if a man is admitted, not merely to see or hear and he took part also, and he is admitted on payment into the enter-

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if hon. Members are aware that there are many forms of entertainment in which those who go in also take some little share in the thing to be done, though it is paid for. Of course, I am not quite familiar with all the phraseology of the matter, but I know there are a number of side-shows such as switchback and so on. I do not now wish to go into them and some hon. Members
1-45 p.m. may know more about them than I do. There are many entertainments in which participation is also provided to the spectators; yet it is paid for. There are admissions for which payment is made and according to this definition, he takes part in the entertainment. It cannot be said, 'I pay for it and I entertain myself and therefore, I should not be asked to pay the tax.' Nor again could it be said that an actor who goes to the theatre for purposes of acting will have to pay the tax, the reason being that he has not to pay for his admission. If clauses 3 and 4 are read together, we will understand when the tax will be levied. Payment for admission is an essential condition. That being so, there need not be any apprehension in the minds of the hon. Mover and seconder of the amendment that actors will have to pay the tax or even Ministers and ex-Ministers who are asked to open a function, unless they pay for participating in that function."

The amendment was, by leave, withdrawn.

Clause 3 was put and carried.

Clause 4.

* S. K. AHMED MEERAN SAHIB BAHADUR:—"Mr. President, I move—

'Omit *the whole of item* (i) *and* renumber *the other items.*'

"The object of my amendment is to urge an exemption in the case of those tickets of not more than two annas. The section wants to tax people who get admitted on payment of not more than two annas, which means that even if the ticket costs six pies, the tax will have to be paid at the rate of three pies per ticket. I submit that there is no such provision of this kind in the original Act which is sought to be repealed by this Bill. That Act did not tax people getting admission on payment of less than two annas. I do not know for what special reasons this Government have inserted this provision in this Bill. Ordinarily in the villages, touring cinemas attract a good number of people. They are admitted ordinarily on payment of one anna and sometimes even half an anna. This Government which try to lessen the burden on the poor and shift it on to the shoulders of the well-to-do have introduced such a provision. I expected this Government not to insert such a provision in this Bill, especially when they want to repeal an enactment which did not contain this objectionable provision. The original enactment was intended ordinarily to be applicable to municipalities and urban localities though it could by notification be

extended to other big towns. Even in such an Act which was intended to apply to urban areas, it was thought that poor people who usually have the entertainments on payment of tickets costing less than two annas, should be exempted from the levy. But now this Government want to provincialize the tax and to tax all people irrespective of the fact whether they are urban dwellers or rural people. When even the town people were intended under the old Act to be exempted in the case of tickets of the lower denominations, I fail to see the reason how the village people could be taxed in respect of them. I submit that this is not fair. I have to observe that this Government have not in the case of Guindy Race Club availed themselves of the maximum rate of 4 per cent which is prescribed under the Betting Tax Act. They have not so far tried to levy the maximum rate on all the moneys collected from the bookies and book-makers. They have increased the rate from $1\frac{1}{4}$ per cent to $2\frac{1}{2}$ per cent; but it has remained there stationary for the past two years. Though they have extended it to the Ootacamund Races, they have uot availed themselves of the maximum rates prescribed under the Act. They are allowing those people to gamble and ruin themselves and the country. But they want to tax the poor people in the villages to the extent sometimes of 50 per cent of the value of the ticket. They pay for admission to entertainments. The Government themselves realize that the people in the rural parts must have some entertainments; some recreation for these people is in fact being provided by the Government by the installation of radios. While they are doing such things, they at the same time want to tax these poor people who go to some cinema for an hour or two, and that too with a ticket of an anna or half an anna. In this case, this is a recreation and entertainment; but in the case of the race club, it is gambling and nothing less than that. In the one case you put a tax on the lowest ticket whereas in the other you do not even avail yourselves of the maximum rates that have been prescribed. That apart, according to the general principle of the charging section of the Bill, namely, section 4, a tax of $12\frac{1}{2}$ per cent is contemplated whereas according to the item that is proposed to be omitted according to my amendment, the tax mounts up to 50 per cent. I, therefore, move that item (i) may be omitted."

SRI B. NARAYANASWAMI NAYUDU :—"I beg to second the amendment. I beg to submit that this is an example of the dynamic change in point of taxation which is claimed by the other side, namely, of shifting the burden from off the shoulders of the poor to those that could bear it. Even the old static Government which was responsible for the Act that is proposed to be repealed by this Bill provided that the cheaper seats should be exempt from the tax. But under the dynamic Government of to-day, they are all brought under the purview of the taxation and the villager

who goes to a touring cinema on a payment of half an anna is required to pay a quarter anna to the exchequer. In fact this is not a new thing. The entertainments tax was introduced in England in 1916 and when the Labour Government came into power Mr. Snowden got it repealed. Even in 1931, when the Labour Government fell and the National Government was formed, when British finances were tumbling down and when Britain was training every nerve to replenish the coffers of the State to inspire confidence abroad, they provided for an exemption in the case of two penny tickets. Here an unresponsive bureaucratic Government exempted tickets below the value of four annas but this Government have provided that all tickets should be taxed. Even now in England, exemption obtains for tickets of six pennies and less. Not only that, children's entertainments are exempted. When that is the case, I cannot understand how those tickets could be taxed. The Hon. the Premier has been saying that the economic power of the masses has been seriously diminished on account of the prevalence of drink and that therefore he has introduced Prohibition. But the purchasing power that will be released by the introduction of this scheme he wants to undermine by the payment of such taxes. I do not know how the principles underlying the scheme of Prohibition could be reconciled to this. What he was hitherto spending on evil ways would not all be retained by him; he will now have to give some of it to the Chancellor. A state of emergency justifying the expectation of money from every class of people has not arisen. It is not as if we are having a war or an emergency where but for these things we would perish and where there is justification for every class, be they poor or rich, being required to pay to the exchequer. I feel, Sir, that the exemption ought to be granted."

* MR. J. A. SALDANHA:—"Mr. President, I strongly support this amendment. I expected that the present Government with their sympathies to the poor would have lessened the tax on entertainment. Instead of that they come forward with a proposal to tax every ticket that is purchased for an entertainment. Especially is this very hard when by the introduction of Prohibition they have deprived the people of their pleasant drinks—drinks which kept them in a pleasant mood in the evenings. It is from that point of view that we view the thing and it is unfortunate that that pleasure of mind and body has been taken away from them because members of the Government have not experienced the pleasure of it. I am only referring to those that drink a little and it is only those that enjoy the pleasure of excitement which is quite necessary for human kind. The present Government want to turn the whole community into a community of ascetics and I submit it would not be inconsistent with their endeavours if they at least provide some innocent entertainment

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to the people by exempting their lower paid tickets from tax. Without doing that, they are going in the very opposite direction. I have therefore to urge upon the Government to accept the amendment in the interests of the people whose welfare they have close at heart—at any rate they pretend and profess that they have it close to their hearts.''

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The question that has been raised is that there should be an exemption in the case of tickets of the lowest value as hitherto. I do not think that hon. Members are aware that the tax which is incorporated in the Bill is not going to be paid directly by those that are entertained. On the other hand, it will simply reduce the margin of profits that will be derived by the cinema-owner through the tickets of the higher value. We have gone into this matter in great detail. I have met many of the company gentlemen who are concerned with running these shows. It is quite obvious to them that it is possible to shift this tax that we are levying only in the case of the higher classes and not on the lower classes. The companies running these shows are not going to shift them on to the people, as they can never pay, and so they have to pay it themselves. However, whatever the indirect effect may be, the tickets which were hitherto exempt from tax, namely, four annas and below, are now to be taxed, we may say roughly, at six pies per ticket. This is considered wrong by hon. Members, because amusement should be free for these poor people specially. Though companies levy a small fee per ticket, as they cannot afford to give entertainments free, Government can dispense with the tax as they can afford to do so. That is the argument of hon. Members on the other side. I shall not contradict the propositions involved. All the same, I can only say this: the term ' poor ' does not include everybody on earth. It is a relative term. There are poor people who do not go to these cinema shows; there are poor people who are poorer than those who are being contemplated as cinema goers in this Bill. So it is only those people who go to the cinema shows that are asked to pay. And when they pay two annas and anything more than that up to four annas to the cinema man, only six pies are taken out of them. So I do not see anything wicked in this.

12 noo[n]

" Comparisons were made between the tax levied on betting and this Entertainments Bill. The two are altogether different. The economic laws that apply to the two cases are also very different. The betting tax has been scaled in such a manner that Government may get some revenue out of it. If Mr. Narayanaswami Nayudu's advice is taken we give away the income from tickets below four annas, and that means the revenue will be lost to the State. So the essential point to be considered is whether tickets below four annas should be free. If they are to be free, the whole scheme will fail; there will be no revenue to Government; only the previous revenue will come, and *that* will go to the local boards, and we cannot have any revenue left after that.

" A question was asked, ' how much do we expect from this measure? ' We expect—I have been able to verify, after deducting expenditure for collection—about five to six lakhs out of this Bill. And nearly two lakhs will be given away to the local bodies. That is the position. Therefore there is nothing exorbitant or greedy in this proposal. I submit there is no reason to exempt this small ticket. It is true that we want entertainment for the poor class. But hon. Members need not be too eloquent on this form of entertainment. I am glad Mr. Saldanha put it on the same footing as drink. (Laughter.) If really hon. Members believe that this is high-class cinema, let them go to the villages and see them. I warn them against thinking so. I ask them to go and see them. There is nothing much good in them. But they are not so bad as to do any harm. Our people are good enough not to be spoilt. That is my sheet anchor. They are so good, so let them see them and get a little bit of entertainment. And when we find better entertainments, probably we may take steps to reform these entertainments, or do away with them altogether. There are also some very bad pictures, hon. Members should know, which we would like to sweep off at one stroke, irrespective of the fact whether thereby we get any revenue or not. To censure is not so easy."

SRI B. NARAYANASWAMI NAYUDU :—" May I know whether this is for reforming the shows, or whether it is only for revenue? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is only for revenue. That is why I ask hon. Members not to be too enthusiastic about entertainments. At the same time I confess I will not do away with this entertainment. If it is not regressive it will be allowed to continue. It is merely for a small revenue that this clause is introduced. If we dispense with this clause, the whole scheme of the Bill will be broken. Except items (i) and (ii) of this clause, the present Bill just incorporates the rates which are in existence."

The amendment was put and declared lost. Sri B. Narayanaswami Nayudu demanded a poll, and the House divided thus:—

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 ,, Diwan Bahadur R. Srinivasan.
3 ,, B. Narayanaswami Nayudu.
4 ,, Rao Bahadur M. Ramakrishna Reddi.
5 S. K. Ahmed Meeran Sahib Bahadur.
6 C. P. Mammoo Keyi Sahib Bahadur.
7 Syed Abdul Wahab Bukhari Sahib Bahadur.
8 Mrs. Mona Hensman.
9 Sri Diwan Bahadur K. Daivasigamani Mudaliyar.
10 Sir Frank Birley.
11 Sri D. Manjayya Hegde.
12 Mr. S. J. Gonsalves.
13 Khan Bahadur Hamid Sultan Maracair Sahib Bahadur.
14 Dr. Sir K. V. Reddi Nayudu.
15 Sri Rao Bahadur M. Raman.
16 Mr. J. A. Saldanha.
17 Sri T. C. Srinivasa Ayyangar.
18 ,, P. Peddi Raju.

Noes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri R. Srinivasa Ayyangar.
3 „ V. V. Jogayya Pantulu.
4 „ K. Madhava Menon.
5 „ B. Bheema Rao.
6 „ A. Rangaswami Ayyangar.
7 „ K. V. Rangaswami Ayyangar.
8 „ N. Sankara Reddi.
9 „ V. Vasantha Rao.
10 „ S. A. S. Rm. Ramanathan Chettiyar.
11 „ M. Narayana Menon.
12 Sri K. Venkataswami Nayudu.
13 „ T. A. Ramalingam Chettiyar.
14 „ D. Sriramamurti.
15 „ V. Ganga Raju.
16 „ L. Subba Rao.
17 „ P. Veerabhadraswami.
18 „ K. P. Mallikarjunudu.
19 „ C. Perumalswami Reddiyar.
20 „ K. S. Sivasubrahmanya Ayyar.
21 „ S. K. Satagopa Mudaliyar.
22 Khan Bahadur Sir Mahomed Usman Sahib Bahadur.

Ayes 18. *Noes* 22.

The amendment was lost.

* Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR:—"Mr. President, I beg to move—

'Omit *items Nos.* (*ii*) *to* (*iv*) *and* substitute *the following*:—

(*i*) *is more than two annas but six annas and less—six pies.*

(*ii*) *is more than six annas but nine annas and less—nine pies.*

(*iii*) *is more than nine annas but twelve annas and less—one anna.*

(*iv*) *is more than twelve annas but less than one rupee eight annas—two annas.*' "

Mr. J. A. SALDANHA:—"On a point of order, Sir, the speech of the hon. the Leader of the Opposition cannot be heard by us here. (Laughter.) May I request you to direct him to speak through the microphone?"

Mr. PRESIDENT:—"It is not a point of order." (Laughter.)

* Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR:—"I do not wish to take up the time of the House, as I do not see any prospect of my amendment being accepted by the Government."

Mr. PRESIDENT:—"You cannot anticipate it."

* Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR:—"I wish to ascertain from the Hon. the Premier one or two facts with reference to the statement he made just now. He said that there is no possibility of the tax below four annas ticket being shifted on to the cinema-goers, but will be paid by the gentlemen who run the show. May I know whether he got that assurance from the companies that they won't collect the tax from the two annas tickets? My amendment, if accepted, will not reduce appreciably any amount of the Government's share of the tax. I hope the Hon. the Premier will accept the amendment."

Rao Bahadur M. RAMAKRISHNA REDDI:—"I second it."

* The Hon. Sri C. RAJAGOPALACHARIAR:—"The question is, seeing that the minimum has already been decided upon,

whether the rates above two annas, which are covered by items two to four in the Bill, as it stands, should be substituted by the lower rates which are prescribed in the amendment of Mr. Samiappa Mudaliyar. The proviso given notice of by the hon. Member is now out of the picture. These rates, which the hon.
12-15 p.m. Member proposes, are less than the prevailing rates. The Bill as it stands keeps the prevailing rates intact except that the tax is to be levied on tickets of four annas and below and the rates are laid down. Now there is no reason whatsoever for the Government to bring in a measure to reduce the rates already prevailing. Therefore, I submit, Sir, the amendment has no justification.

"With regard to the question he has put whether there has been any assurance that these small tickets will not be enhanced in price with the addition of the tax that is levied, that should have been proposed in the previous amendment and not now; but for the information of the hon. Member I may say—but it is not anything like an assurance; it is merely a question of judgment—it will not be possible on account of the competition prevailing, for these companies to shift it, but they will have to cut it out of their own margins of profits and make it up out of the higher classes of tickets. That is what is likely to happen. That is what I stated and there is no such thing as an assurance. If any particular company tries to do it, they will soon find that another company will cut down the price of its tickets and the shifting will come to an end. That is only in respect of shifting of the lowest class of tickets that I refer, which however is not relevant to the purpose of the present amendment. The present amendment which proposes to lower the rates really cannot be accepted."

*SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I do not press the amendment."

The amendment was, by leave, withdrawn.

Clauses 4, 5, 6, 7, 8, 9, 10, 11 and 12 were put and carried.

Clause 13.

SRI B. NARAYANASWAMI NAYUDU:—"Sir, I move the amendment that stands in my name,—

'Omit *clause* 13 *and* substitute *the following*:—

"*From the proceeds of the tax collected under this Act every year, there shall be paid to each of the local authorities in the Presidency a sum equivalent to one-half of the tax realized in each of the local areas where such collections were made.*"'

"The object of this amendment is to aid the sources of local taxation of the local authorities. Burdens have been placed upon the local authorities especially under the recent Public Health Act and it is the duty of the Government to see that the resources of the local authorities are as far as possible augmented instead of being crippled. Perhaps the Hon. Minister for Local

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Administration has surrendered all his revenues on behalf of the local authorities to the Government. Or perhaps the local authorities have said 'we have got so much of surplus of funds and you can take it.' I want to know whether the local authorities are in such a prosperous condition that they do not want to raise their revenue by means of taxation on entertainments. First of all only such local authorities as have levied the tax will receive the contribution. The local authorities that have not levied the tax till now will not receive any contribution at all. Therefore the source of revenue for the local authorities, at least so far as these authorities are concerned, is withdrawn from them. Secondly so far as the local authorities that have been levying the tax are concerned, they will receive the contribution only by a sum equivalent to the average net annual income for the last three years. I dare say this revenue is not altogether satisfactory. Even this sort of revenue is now shut out. I submit the condition of the local authorities are not at all satisfactory. And therefore it is in the hope that this will be accepted by the Government that I move this amendment that one-half of the collection shall go to the local authorities concerned and the other half to the provincial revenue. Of course the Hon. the Premier might say that this is hereafter to be charged to the public revenue and not to the local revenue. Of course in this Presidency we know that this is not the only revenue that is being charged to public revenue, and they have got a good deal more. Therefore this amendment will relieve the local authorities and the relief should not be taken away by this Act. They should be paid the contribution in the proportion of half and half. I dare say the Public Health Act cannot be worked if the revenues of the local authorities are crippled like this. How are they going to carry out the provisions of that Act if their finances are crippled? Is it going to be a mere paper Act? I therefore submit, Sir, there is every reason for this amendment."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" SIR, the mover of the amendment said that the finances of these local bodies are being crippled by this proposal. I deny the charge. These local bodies have had an opportunity all these years to utilize the powers given to them and for one reason or another best known to them the local bodies have not even thought fit to levy this tax except in a few places. This clause as it stands provides that in every case where the local authority was in receipt of this income it will have compensation. It is only where they have not either cared to impose this tax, whatever the reasons may be, or if the present income is more than what they were getting, that the Provincial Government get the money and the local body does not get the money. There is no question of crippling their resources. The only question is whether we should give this money, because local bodies function in a worthy manner and they ought to be helped. It is not as if these few lakhs that we collect through this measure, either now or in the

future will be available for making grants to local bodies. The grants to local bodies go up to a much higher order of figures altogether; for various purposes the Government are making grants and are bound to make grants whether they like it or not. But as regards these few lakhs I referred to, the local bodies will not rest content to receive a share, nor will it be wise for them to accept this even if we are willing to do, to restrict themselves to this. The only question is whether the sharing should take place in this manner, earmarked with reference to particular items or whether this tax should be a Provincial tax and the resources, the Provincial resources, except for the actual compensation that is to be paid for amounts already received and which will now not be received. The future expansion of this tax must be entirely a Provincial risk or a Provincial hazard. I do not think that there is any advantage gained for the local bodies in earmarking the various items like this. But if in the future, the Government think that circumstances are such, this tax will altogether be handed over to the local bodies. This they will be perfectly willing to do. I have no doubt about it. At present as I said this amendment could not be taken in as a complication of the measure that is proposed."

The amendment was put and lost.

Clauses 13, 14, 15, 16, 17, 18, 19 and 20 were put and carried.

Clause 1 and the Preamble were put and carried.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I beg to move—

'that the Bill be passed into law.' "

The motion was put and carried and the Bill was passed into law.

(2) THE MADRAS DISTRICT MUNICIPALITIES AND LOCAL BOARDS (AMENDMENT) BILL, 1939 (L.A. BILL NO. 8 OF 1939) AS PASSED BY THE ASSEMBLY.

THE HON. SRI B. GOPALA REDDI:—" Sir, I beg to move—

'*that the Bill* [a] *further to amend the Madras District Municipalities Act,* 1920, *and the Madras Local Boards Act,* 1920, *for certain purposes* (*L.A. Bill No.* 8 *of* 1939) *as passed by the Assembly be taken into consideration at once.*'

" I may say that Section 43 of the Madras Local Boards Act gives power to the Government to remove any president or vice-president or a panchayat board or a district board, by notification who, in their opinion, wilfully omits or refuses to carry out or disobeys the provisions of the Act or any rules or lawful orders issued thereunder or abuses the powers vested in him. Under this section when action is taken against the president, in many cases, it has occurred that the very next day they were re-elected by the panchayat board or the district board as the case may be . . ."

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[a] Printed as Appendix XI on pages 122-123 infra.

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SRI B. NARAYANASWAMI NAYUDU:—" May I know the several cases, Sir? "

THE HON. SRI B. GOPALA REDDI:—" If the hon. Member puts down a separate question, I will answer that question also. In the last four or five years, there were about thirty or forty presidents of panchayat boards who were removed from the presidentships, but they were re-elected immediately after their removal. Only to obviate this difficulty we have taken this power under this Bill. Originally, I wanted that the removed presidents should not be re-elected till a notification for the general election is sent. After a good deal of discussion in the other House, we have agreed to an amendment which reads ' or the expiry of six months from the date of the removal whichever is earlier.' Sometimes it may be that between the removal and the general election, there are two years to lapse. Under this amendment it has been accepted by the Government that after six months, the removed president can be re-elected. So I move this amendment to enable the Government to see that the removed president is not re-elected immediately. If the removed president is re-elected immediately, it nullifies the action taken by the District Panchayat Officer or the Deputy Inspector of Local Boards or the Inspector of Local Boards or the Government, who must have gone into the case. They have given notice, they have taken the explanation and after considering his explanation they have decided to remove the president from office. It is not fair that he should be re-elected immediately. So it is very necessary to have this provision in the Local Boards Act. And in the same way, Sir, it is the case with the Municipalities Act, under sub-section (1) of section 40. It is given in the Objects and Reasons as to why it is necessary for the Government to exempt certain properties of the Government from local taxation. With these few words, I beg to move that this amending Bill be taken into consideration at once."

SRI B. NARAYANASWAMI NAYUDU:—" Mr. President, 12-30 p.m.
I must oppose the amendment that has been proposed before this House. It is the curious privilege of the Minister for Local Self-Government to carry out all measures that relate not really to local self-government but, as it has been transformed into, local administration. I was wondering what the meaning of that transformation of the language was, why after the Ministry came into office, they changed the name and associated the name of Lord Ripon into what may be called Local Administration. But subsequently, they justified all these changes and the question is whether this House is going to sanction this kind of local administration. We had instances already how local self-governing bodies have been interfered with regarding their powers and privileges. The road establishment practically has been taken out of their hands. The assistant engineers whom he wanted to provincialize, the Hon. Mr. Gopala Reddi, takes into his hands. They had a public health officer and the Hon. Dr. Rajan said ' I

want the public health officers under the Public Health Bill' and therefore he took away the public health officer. Not only that. With regard to the control of traffic on the roads which are vested in the local boards, what has been done? The Road Traffic Board was constituted, and until day before yesterday all the presidents of district boards begged the Government to introduce some other kind of representation or add to the representation already there. Then we have just now the instance of how the Local Self-Government Minister has surrendered the finances to the Provincial Government, has given away practically all the expanding revenues and the boards which have had the power of taxation have had that power taken away. And, to crown all these we now have this Bill. Do you know what the effect of this will be? He wants to drive the nail into the heel of the president. In the China Bazaar, you have a certain figure, the figure of a child placed on the table; if you screw, its leg will be up; if you don't screw it will be down. That is the position that will be created by this Bill. What is the position here? The position has been that if he disobeys the persistent order of the Government, there is the power vested in the Government and they could remove him. That is the position that has been existing all along from the very inception of local boards and municipalities, from 1920 onwards to 1938. The question has been asked, 'What are the instances in which presidents have wilfully abused their powers and have been re-elected?' The only answer was with regard to certain panchayats, but with regard to the chairmen of municipalities or the presidents of district boards in respect of whom this Bill seeks modification, no figures have been given. Surely, if the Hon. Minister wants this House, to alter this system he ought to have laid before this House the instances of such abuse of powers. So far as I know, so far as municipalities are concerned, there is one instance and that is the Trichinopoly Thevar affair. But that was long, long ago. I learn from the Leader of the Opposition, that it was before the Congress came into power. What was done? Did they want to take away the power of election and the power for the person to stand for election? No.

"You can dissolve the board. Of course that is a delicate business. If the Hon. Mr. Gopala Reddi is going to dissolve a board, what will happen? They will go before the electorate and the question whether the Hon. Minister is right or the elected member is right will have to be faced by the electorate. Suppose the majority is not backing the president in his abuse of powers. Then what happens? They can easily remove him if they are not backing him. It is only if the majority is backing him that the question arises. How is this sought to be solved now? This Bill says he shall not stand for election. There sets in what is called demoralization. In the Guntur Board, for instance, there is a chairman who is a non-Congress man now . . .

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THE HON. SRI C. RAJAGOPALACHARIAR:—"Do not give particulars about them."

SRI B. NARAYANASWAMI NAYUDU:—"All right. In a certain municipality there is a chairman who was a member of the Congress party but who is now opposed to it. Notices were sent that he should be removed. If he is to stand for election he will get in again. But if this law is there, what will happen is there will be some other person who will want to become the chairman. There will be a differeuce. There will be a split and therefore there will be a deterioration. There will be again what may be called demoralization. You have got the power to dissolve the board itself. That power has been existing and that is the power that has been used in the previous instances when probably presidents of district boards and chairmen of municipalities abused this power. What will now happen would be this. There will be an issue as to who is his master: Is the district board, his master so far as the position of the district board is concerned, or is the local Government his master? Of course, if you like, by all means dissolve the board itself and send them to the electorate and then fight and see about it. Therefore I say that you interfere with the local body with regard to its power and patronage and at the same time you are also interfering with the real constitution. I do not know from where this precedent of law was got, whether it was got from the Congress constitution which can say 'You don't go to the electors, but go to the *dictator*.' Whatever it may be, the result is that we have got the law against the interests of popular Government and I do think that the Hon. Minister has to be congratulated for his efforts in converting Local Self-Government into Local Administration."

* S. K. AHMED MEERAN SAHIB BAHADUR:—"I also oppose this Bill, Sir. It is liable to be abused. After all, under the previous system of Government it cannot be said to have had complete party Government. Under the Provincial Autonomy we are going to have, and we are having to-day, complete party Government entirely under the discipline of the party and it is quite possible that a gentleman may happen to be the president or the chairman of a local board or a municipality who does not belong to the party in power. So, in such a case if he is removed, though he has got the backing of the electorate he will be disqualified from standing. Of course, I quite realize the position and I am willing to arm Government with a certain power if they are willing to make out a case that there has been violent abuse of the present powers under the Act, that is to say, if they could give facts and figures and show that chairmen of municipalities or presidents of district boards who have been removed under orders of the Government have been re-elected in a number of cases, so much so, necessitating this provision. I could understand it. Whether it can even then be supported or not is a

different matter. But without any data whatsoever, on the mere fact that such a possibility could arise, we cannot make any provision for it. Of course, I am aware of the fact that the Hon. the Minister for Local Administration gave out that in thirty or forty cases of panchayat boards there have been such cases. Barring them, there have been a number of municipalities and district boards wherein such a thing has not happened. So, I will oppose this Bill for this reason that this Bill is liable to greater abuse than the abuse which they want to remove."

DR. SIR K. V. REDDI NAYUDU:—" May I add a word in opposition to this measure, Sir? Ordinarily when a chairman is chosen by the members of a local body, panchayat or district board or municipality, it means that he has the confidence of the members concerned and any action of that chairman or president based, perhaps on his impertinence (Sri B. Narayanaswami Nayudu: Supposed impertinence!), on his unwillingness to do certain acts may occasionally result in his removal. The question arises, ' Whose will is to prevail in selecting a chairman? ' If he has got a majority in the council it means that the majority wants that very president over again. And, if Government should take power to remove him simply because he was re-elected, it comes to this that the election is rendered into a sorry farce and mockery. Again, Sir, the re-election of a person who has been removed may be based upon certain principles on which that body differs from the Government which removed the president. We have known, Sir, in the British Parliament itself when questions about Catholics arose there were persons who were elected and were sent out of the House. The same person was re-elected until at last Parliament found it necessary to change the law itself. Therefore, Sir, the re-election of a person who has been removed by the Government might mean a mandate from the people or a desire of the people to show that they differ from the policy of the Government. I do not in the least say that the Government ought not to have the power to remove a person when he has committed certain faults which ought not to have been committed under the provisions of the particular law. But at the same time cases might happen in which presidents have been removed, not because they have violated particular provisions of the law but for other reasons. They have been referred to and it is not necessary for me to go into the details, because it is not my purpose to blame the persons who were responsible for such results. But what I do say is this: if the will of the people is to be carried out, if Local Self-Government means anything like a reality, I should think, Sir, the only possible way in which a second re-election can be avoided is by dissolving the local body. They have got ample power under the Act to dissolve the local body. And, as my hon. Friend, Mr. Narayanaswami Nayudu has pointed out, if the people—I mean the voters apart from the councillors who elected the person as their president—also are of the same opinion that the same

person should be elected, that in that person they have confidence and that the administration of the board or the municipality or the panchayat as the case may be is better carried on by that particular person, and if they feel also that his removal is in reality unjustifiable, then, Sir, it is a mandate of the people to the Government. I should therefore think, Sir, that unless at least the cases are specified in which this power is taken if it is to be a general vague and indefinite thing, it might depend entirely on the will of the Hon. Minister or of his advisers and in many cases probably of his supporters. In particular cases that would lead to great hardship, not to speak of abuses. I therefore oppose this Bill." 12-45 p.m.

* MR. T. C. SRINIVASA AYYANGAR:—"I am sorry I have to differ from the remarks of the three hon. Members who spoke on the other side. If I understand correctly, the remedy of Sir K. V. Reddi is to dissolve the board. In such cases, supposing there is a fresh election and there is faction in a village, a man who has been removed oftentimes contrives to come again immediately. Unless this temptation is removed there will be difficulties in the matter. Some of us who have had experience of administration of some local bodies sometime or other in our lives, can easily recall instances of persons who were removed, coming in by election soon after. It is very proper that in the interest of administration, that there must be a short time, say six months, before such people seek election. The minority oftentimes suffers in all these cases. Therefore, it is a very proper provision which is sought to be enacted."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Mr. President, I rise to oppose this Bill. This is an undemocratic measure. I am surprised in these advanced days of democracy that a Government which boasts of being a people's Government and is never tired of giving itself a good certificate should have thought fit to bring in such a measure. Though the provision for the removal of the presidents and chairmen has been on the statute book for a long time, it was not invoked except in one solitary instance, viz., in the case of the chairman of the Trichinopoly Municipal Council. Even my Hon. Friend Dr. Subbarayan, when he was the Chief Minister, did not himself avail of the provisions of this section though he was never generous in his dealings with his political opponents who happened to be presidents of local boards. But what did the Congress Party do, when the Chairman of the Trichinopoly Municipal Council was removed? They not only incited him to defy the provisions of the law and the rules and regulations but actually encouraged him to defy the authority of the Government and supported him in his re-election. The then Government did not think it worthwhile to bring in a piece of legislation such as this, though they were sure of his re-election. When he was re-elected, they invoked the provisions of the other section, viz., supersession.

After the expiry of the period of supersession, the Congress party headed by the Hon. the Premier, made frantic efforts to install him in the chairman's gadi."

THE HON. SRI B. GOPALA REDDI:—"How is this relevant, Sir?"

MR. PRESIDENT:—"I do not think it is relevant."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I bow to the ruling of the Chair. I am trying to compare the actions of the much-maligned Justice party and the present administration. Anyhow I leave it at that. The Hon. the Minister for Local Administration is not able to give even a single instance of a district board president who was removed and who was re-elected after his removal. But he said that there are instances of 30 or 40 panchayat boards. I believe that all these instances must have arisen only after the advent of the Congress Government. To ascertain that, I have tabled an interpellation, but it has not been replied. But, if the Hon. Minister says how many persons were elected before the advent of the Congress Government, and how many were elected after the advent of the Congress Government, it will be helpful to the discussion. But now, Sir, most of the presidents belong to the Congress party. Only three belong to the other parties. One is a rebel from the Congress party. I am stating the fact. He defied the mandate of the Congress and stood against the Congress candidate and won. The Congress party threatened to take action against him, but when he, in his turn, threatened to resign his seat in the Assembly and challenged the party to put up another candidate against him, the Congress party did not take any action."

THE HON. DR. P. SUBBARAYAN:—"I want to know how all this is relevant to the discussion."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I am only replying to the Minister for Local Administration."

MR. PRESIDENT:—"The hon. Member will restrict his remarks to the subject-matter before the House."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"If he had not interrupted, I would not have referred to it."

MR. PRESIDENT:—"The hon. Member may proceed."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"There are only two other presidents who do not belong to the Congress party. I do not think there are many chairmen of municipal councils who belong to other parties. Therefore I think this measure is mainly intended to be used to prevent the presidents of panchayat boards who may be removed by the Government from seeking re-election. As my friend, Mr. Ahmed Meeran, put it, party Government has come to stay and the present Government, if I may say so, is not immune from party

predilictions. If you would permit me, I would give two or three instances of panchayat boards wherein the present Congress Government shows its partiality. I do not know if I will be allowed. If I am allowed, I will say."

MR. PRESIDENT:—"'Partiality,' is a word which the hon. Member is not allowed to use."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"'Differential treatment' I will say 'between the Congress party and the other party.' I would like to refer to specific instances relating to panchayat boards in my district and I shall deal with the Mudikondan Village Panchayat Board first. Mudikondan is a small village but noted for its wealth. It is the centre of the money-lending Vathima Brahmans. It is generally believed that the poorest among them would be worth at least Rs. 50,000. Out of the 31 persons entitled to vote in election to this House in that village, 30 are Vathima Brahmans. Barring municipal towns, this is the one village where we find the largest number of voters to this Council. I am referring to these in order to show the wealth of this influential Vathima Brahman community in the village. But in the election to the panchayat board, which was held three years ago, no member of this community was elected. In September last, I saw the notification of the Government removing the president of the said panchayat on the ground of alleged disobedience of Government order. I wanted to know what the Government order was, and I addressed the Secretary, Local Administration Department, to furnish me with a copy of the Government order, which the said president is supposed to have disobeyed. In reply to my letter I got a communication from the Under Secretary to the Education and Public Health Department to the effect that 'The Government do not as a rule furnish copies of unpublished Government records and they therefore regret their inability to comply with your request.' Subsequently I learn that four of the Vathima Brahmans of that village had jointly installed a rice mill adjacent to the dwelling houses and applied for a licence to the president of the panchayat board, who refused to grant it. The Government, on the representation of the millowners, seem to have issued directions to the president to grant the licence. This order of the Government is alleged to have been disobeyed by the president. That seems to be the cause for his removal from his office. Let me now take up the question of pre-union panchayat boards. The President of the Papanasam Panchayat Board is alleged to have misappropriated certain funds of the panchayat, for which, it appears, a notice was issued by the Government asking him to show cause why he should not be removed from his office. It seems that he approached a powerful member of the Congress party in the Assembly of my district for help."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Am I entitled to raise a point of order? This is really getting bad. When a man is charged with misappropriation, very carefully it is said

it is alleged. But while speaking on a discussion of a legislative measure, I submit that it is hardly relevant, or proper or in order at all."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"If the Hon. the Prime Minister will wait for a few minutes, he will understand."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Allegations cannot be made with regard to particular events, because all the papers in the Madras Presidency will reprint them and it is certain that it will prejudice Congressmen. Is it possible to prove it or disprove it here?"

SRI B. NARAYANASWAMI NAYUDU:—"The question of the powers of the executive is in question and therefore the behaviour of the Government towards these panchayats does arise constitutionally. What else is the power for?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"But allegations should be made not with regard to individual transactions. It is possible to raise points and ask what the remedies are. It is quite proper to ask like that, but I cannot seize the opportunity of a Bill and defame *A*, *B* or *C*."

MR. PRESIDENT:—"The hon. Member will resume his speech."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"My point in referring to that, Sir, will be known immediately. Sometime later the panchayat board received a notice to show cause why it should not be superseded for having not checked the president. Finally the board was superseded and a special officer was appointed. It is not known what happened to the first notice issued to the president. This is instance No. 2."

MR. PRESIDENT:—"I think that will do. The hon. Member may go on."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"It is really relevant. If I do not bring to the notice of the House how the Government have shown their differential treatment with regard to the panchayats, there is nothing to speak here and I crave your indulgence."

MR. PRESIDENT:—"You have dealt with two cases."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I have reserved worse cases to the last. (Laughter.) These are not very good cases."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Let me make my position clear. All that I request is that there should be no libelling or defamation. It is quite open to the member to point out any defects in the administration, but it is wrong to make allegations based on facts so-called, which are not proved and which cannot be accepted as true."

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* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: "I shall confine myself to facts accepted by the Government. I hope you will allow me to proceed further.

"The next instance that I want to refer to is about the Kodavasal Panchayat Board. It was superseded in the year 1936 by the Inspector of Local Boards and Municipal Councils under the previous regime. After that it was reconstituted in March 1937. In the election, the Congress party secured only four seats while the remaining seats were captured by the others and this resulted in the election of a non-Congressman as president. As it is customary with the Congress party, they secured the signature of the president to their creed after his election as president. This provoked the majority and naturally the majority did not co-operate with him."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Is that a correct and proper statement to make, Sir? The hon. Member said that as it is customary with the Congress party they secured the signature of this very estimable gentleman after he was elected by the other side."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I do not think there is anything improper in saying that."

SRI B. NARAYANASWAMI NAYUDU:—"Can I not say that the Congress party is doing like that in the country?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"You can very well say so, though we do not do it."

SRI B. NARAYANASWAMI NAYUDU:—"But I have a right to say that we believe that they are doing so."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"The Deputy Inspector of Local Boards and Municipal Councils who inspected the panchayat, presumably under instructions of the Government, recommended the supersession of the panchayat board."

THE HON. SRI B. GOPALA REDDI:—"Certainly not. What is the basis for this presumption, Sir?"

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I accept the correction, Sir. The president who evidently had the information in advance, resigned his presidentship."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Resigned his presidentship?"

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Yes, Sir. On the 20th of July 1938 the panchayat met under the presidency of its vice-president and considered the notice issued by the Government and requested the Government to give them three months' time to rectify the defects and to keep the matter pending till then. The District Board of East Tanjore considered the notice at its meeting held on 25th July 1938 and resolved to depute the

his report for the next meeting of the board. For the information of hon. Members I may say that the President of the East Tanjore District Board at that time was Mr. Subbaraya Chettiyar, a Congress M.L.A. The Government passed orders on the 25th August superseding the panchayat stating that the panchayat board had not explained the charges framed against it and that several petitions were still being received from the villagers and the members, some welcoming the supersession and others resenting it and that the board had been torn by faction. The Government did not consider that an inspection of the panchayat by the president was under the circumstances necessary and did not propose to wait till the report of the president of the East Tanjore District Board was considered by it but appointed one Mr. Soundararaja Ayyangar from South Arcot as Special Officer.

"The next instance is that of the Tiruturaipundi Panchayat Board. This panchayat board was also superseded by the Inspector of Local Boards in 1936 and was reconstituted in June 1937. In the election, the Congess party secured seven seats as against eight seats secured by the other party. On the day preceding the day fixed for the election, the Presidents of the East and West Tanjore District Boards who are the big guns of the Congress party in my district, the Parliamentary Secretary to the Minister for Law, Sirdar Vedaratnam Pillai, the Deputy Leader of the Congress Legislative party, the President of the Negapatam Temple Committee and, in fact, all the worthies of the Congress party in the district mustered strong to capture the presidentship of the Tiruturaipundi Panchayat Board. What did they do? They selected a young man of 20 years for the presidentship of the board!"

THE HON. SRI B. GOPALA REDDI:—"The hon. Member could have contested that election in a court of law. No member who is below 21 years can be a president."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"It is not my business to contest it."

THE HON. DR. P. SUBBARAYAN:—"As long as it is not contested in a court of law, it must be presumed that the person elected is elected under the law and is therefore entitled to hold office."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"That is why I have added that he is a young man. His qualifications are that he is the son of the president who was in office when the board was superseded in the year 1936 and that his father-in-law is a prominent voter in the constituency in which the President of the East Tanjore District Board stood for the election to the district board."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I would advise the hon. Member to omit all personal references."

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SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" On the date of the election he was elected by a majority of one vote."

SRI K. MADHAVA MENON:—" Is that not sufficient? "

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Yes, it was sufficient . . ."

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MR. PRESIDENT:—" The hon. Member is not entitled to say all that."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I agree to withdraw it."

THE HON. DR. T. S. S. RAJAN:—" I move that the statement made by the Leader of the Opposition should be deleted from the proceedings of the Council."

SRI B. NARAYANASWAMI NAYUDU:—" I oppose it. We must consider the whole question of privileges of members. If the remarks made by the Leader of the Opposition are thus deleted from the proceedings, when no-confidence motions are moved and charges of corruption come up, they will be similarly ruled out. Are we not entitled to make such statements? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" It is very easy for a third person to say all that. The member who has made the statement sees the mistake of it, I believe, and says ' I do not want to make such statements.' Reason must be allowed to prevail and not heat. Mr. Narayanaswami Nayudu says ' I do not care. It should be there.' It is easy for him to say that, because he has not made the statement. It is the Leader of the Opposition that has made the statement and agrees that it might be expunged."

SRI B. NARAYANASWAMI NAYUDU.—" The question is whether the rules of the House compel expunging certain statements, because they are defamatory or whether they allow them. It is not a question of heat, but it is a question of privilege. The Leader of the Opposition has made certain statements. Is he entitled to make those statements? If he is entitled to make them, they must stand on record and, if he is not entitled to make them, they should be expunged."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The reason which I urged was that not only it was defamatory, but that it was highly improper. It was wrong from every point of view to make such a statement. Therefore I appeal to the Chair and to the member concerned to withdraw that statement and not to pursue that line. It is not merely a question of defamation. But even confining ourselves to slander and defamation, I submit it is

a Objection was taken to a statement made by Mr. Samiappa Mudaliyar and it was expunged from the official report on a motion made by the Leader of the House subsequently.

not proper to allow defamatory statements to be made unless they become absolutely necessary in which case we may observe certain forms. But in this case, it is highly improper from every point of view to make a statement of that kind. The hon. Member realized, I imagine, his mistake. If he can substantiate the statement which he made here, he became guilty of a serious lapse of moral duty at the time."

DR. SIR K. V. REDDI NAYUDU:—"It involves, in my opinion, a question of the privilege of the House, to be told that a member of this House, whether he is the Leader of the Opposition or any other member of this House, cannot use his personal knowledge in speaking in this House regarding a particular instance which came to his knowledge."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I have never said that he cannot use his personal knowledge. If he says that he has personal knowledge that a person was given bribe. . . ."

DR. SIR K. V. REDDI NAYUDU:—"It is for him to say that he would stand by it or not."

KHAN BAHADUR SIR MAHOMED USMAN SAHIB BAHADUR:—"The greatest privilege of this House is to keep up its moral tone."

MR. PRESIDENT:—"The hon. Member, Mr. Samiappa Mudaliyar will not proceed in that strain."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I entirely agree with the principle enunciated by Sir Mahomed Usman, but I would like to tell him it was not violated."

MR. PRESIDENT:—"All that statement that the hon. Member has made must be expunged from the proceedings of the House."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Accepting the suggestion of the Hon. the Leader of the House, I agree, to cut short unnecessary arguments in this debate, to the deletion of this passage from the proceedings."

* THE HON. DR. T. S. S. RAJAN:—"I move that the statement made by the Leader of the Opposition to which objection was taken be expunged from the proceedings of the Council."

SRI B. NARAYANASWAMI NAYUDU:—"If it is really a question of privilege it must be referred to a committee. Tomorrow the majority might move that my speech may be deleted from the records. Even proper speeches will be deleted like that."

MR. PRESIDENT:—"Now the case is different. The hon. Member need not presume all that."

SRI B. NARAYANASWAMI NAYUDU:—"I submit that a question like this should be submitted to a Committee of Privileges. Who is to decide whether a privilege has been abused? It is not a question of majority opinion. This is a question affecting the inherent right of the House."

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* THE HON. DR. T. S. S. RAJAN :—" I did not ask the House to expunge all that has been said by the hon. the Leader of the Opposition on this occasion. In the course of his remarks the hon. Member made certain allegations which he himself is willing to withdraw. I move that that should be formally omitted from the proceedings of the House. There is nothing in it which curtails the privileges of members. We are all concerned in making the proceedings of the House worthy of the House and fit for being printed and published. I want to protect the honour of the House and therefore move this motion."

SRI B. NARAYANASWAMI NAYUDU :—" I am equally interested in the honour of the House. But if the hon. the Leader of the Opposition is withdrawing his remarks, I am not going to say anything further."

THE HON. DR. T. S. S. RAJAN :—" He is willing to withdraw them."

The motion to expunge the statement of Mr. Samiappa Mudaliyar to which objection was taken was put and carried."

MR. PRESIDENT :—" The hon. Member must now bring his remarks to a close."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—
" Again, Sir, the faction did not cease. The Deputy Inspector of Municipal Councils went there again and submitted a report to the Government.

" The Government accepted the report of the Deputy Inspector 1-1
and issued a notice to the panchayat board to show cause why p.m
it should not be superseded. This order was dated 21st July 1938. The said Government Order was taken for consideration at the meeting of the District Board of East Tanjore held on 25th July 1938 without previous notice to the members of the Board, and before the receipt of the explanation of the panchayat board, the District Board passed a resolution to the effect that the panchayat board need not be superseded in view of the assurance given by the President of the Panchayat Board to remedy the defects as early as possible. The panchayat board considered the notice at a meeting held on 3rd August 1938. At this meeting, the President of the Panchayat Board did not allow four of its members to take part in the meeting on the ground that they had lost their membership on account of failure to attend meetings of the board for three months. No notice was given to them as required by the Act, informing them that they had ceased to be members. I understand the Inspector of Local Boards had directed the President of the Panchayat Board to treat them as members till the matter was decided by the District Judge, as contemplated in the Act. The Board so constituted without allowing the four members to take part merely resolved that the Board need not be superseded and this resolution was communicated to the Government. The Government which took the

Kodavasal Panchayat to task for not explaining the charge framed against it, had coolly accepted this decision of the panchayat board. When I enquired into the reason for accepting the decision of the Tirutturaipundi Panchayat Board and for no acceding to the request of the Kodavasal Panchayat Board, viz. to allow them time for three months, the Hon. the Minister on the floor of this House stated that it was a confidential matter.

"These are but a few instances to show the partiality of the Congress Ministry. Whatever may be the future system of Government, there is no denying the fact that now the party system has come to stay and the Government of to-day should be conducted as far as possible on the basis of equity and justice to all, so that there may be healthy growth of the Parliamentary system of democratic Government.

"I would like to ask my Hon. Friend the Minister for Local Administration whether he would like to accept the principle enunciated in this Bill if it were extended to the party in power. Let me make myself quite clear what I mean. How the party in power will feel if the British Parliament were to introduce a measure by which the Governor could remove the Ministry and also prevent it from seeking re-election, because it was removed by him? Will the Hon. Minister for Local Administration tolerate even for a moment a measure of that kind? If he can object to such a measure being brought against him and his party, how can a similar measure be brought against others? Is this democracy? Is this party system of Government? Is this fair, I ask? So, if they agree to the principle of party Government and the Government being run by the majority party which gets the largest number of votes at the elections, then let them go and face the electorate and get thier verdict. Why should they fight shy of going to the people and get their verdict in the matter? I hope the party in power will now realize the seriousness of this question and will not proceed further with this Bill."

THE HON. SRI B. GOPALA REDDI:—"I am thankful to the hon. the Leader of the Opposition for having given a sermon on the working of democracy. He asked, if the British Government were to say that the Congress Ministries be removed and if the Governor should ask them to go to the electorate how would the Congress Ministries face such a question? May I ask him whether he is aware of a rule in the Electoral Rules that if I fail to give election return to the Collector within a prescribed time, I am debarred from being a Member of the Assembly and I cannot take part in the election for the Assembly for a period of five years to come, although I have been elected by a thumping majority previously? Is this democracy? Has he ever given his attention to this aspect of the question? If we are to conduct the elections, we should have to frame certain rules and abide by them and there is nothing undemocratic about it. Member after member has been giving instances on this

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question of supersession of panchayats. I do not like that our district board officials, or Deputy Inspectors or Inspectors should be coerced by other members of the Congress party or by the members of the Justice party. If certain members of the Justice party want that the Deputy Inspector must write his report according to their wishes, I cannot allow it, and no Government can tolerate it. I am not a Minister for Local Maladministration but I am a Minister for Local Administration. Therefore I must put a stop to maladministration wherever it exists, whether it is in Kistna or the Tanjore District Board.

"The hon. the Leader of the Opposition has given instances to show how supersession of certain panchayat boards has been effected. He himself has given dates to show how certain panchayat boards were superseded in the year 1936 and reinstated afterwards and again superseded in 1938. These villages are habitually factious villages, and if possible, I mean abolishing the panchayats in those villages.

"Sometimes it is stated that party Government has come to stay in this country, but hereafter so far as the administration of local boards and panchayats is concerned, we must proceed cautiously. While they are all satisfied with the administration of all bigger things such as the Police department, the Law and the Jails being entrusted in the hands of a particular party, perhaps they are afraid that panchayats should not be entrusted in the hands of a party in power. That is not the way to look at things. These small factions and quarrels are not only features of the panchayat boards, but they are also features of this very Legislature also. Sir, I need not worry about the suggestion made that 'for other reasons they sometimes supersede.' That is a general and vague insinuation. I need not bother about it. Nobody has objected to the incorporation of section 43 in the Madras Local Boards Act of 1920 and nobody has objected to the removal of the president. Specifically it has been stated there that for certain reasons a president can be removed and nobody has objected to the existence of such a provision as far as I can see. That section is there since 1920 and it has been working all these years. The previous Government did not experience any difficulty. I may say in this connexion that about 45 presidents of panchayat boards were re-elected and out of them only about 7 or 8 were re-elected on the 14th July 1937. The majority of them were superseded and re-elected previous to our coming into office. What happens is this; invariably wherever a president has been removed, he is again re-elected. And so, if we have to supersede the panchayat boards or the local boards wherever the removed presidents have been re-elected, then it will create a lot of discontent among the people. Supposing there are 16 members in a panchayat board out of whom 9 members as against 7 re-elect a removed president, and yet

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supposing according to the suggestion of my hon. Friend Mr. Narayanaswami Nayudu, we supersede the board instead of removing the re-elected President, and order a fresh election of the whole board, and ask all the members to go to the polls, the 7 people who have been in a minority and who had nothing to do with the re-election of the president, have also to suffer. I ask, 'Is that democracy?' I submit it is not. So, the best way is to keep the man out. I do not penalize him. I say 'if the General Elections are coming in two or three months, you stand for election and get yourself re-elected and again become president.' That is what we say. You know in villages that a president is re-elected, because he has a party in his own hands. If the president is charged there, such of the members of the boards whose support he has resent such a charge. Because they resent we cannot ignore section 43. We cannot allow the president to disobey our orders. Nobody objected to the presence of section 43. As far as I have studied the conditions of the panchayat boards and local boards, and indeed in the case of panchayat boards, we have not removed a single president of a panchayat board. As far as I can see, since 1920, whatever Ministry was in power, whether it was Subbarayan's Ministry, or Panagal's Ministry and Muniswami Nayudu's Ministry, no president of the district board was removed. After the Congress Government has come into power, no district board president has been removed. As far as the chairmen of municipal councils are concerned, I do not contemplate removing any of them. One hon. Member naively said that a notice was sent to the Chairman of the Municipal Council, Guntur, and afterwards we kept quiet, because we want that gentleman to be re-elected. Perhaps we were satisfied with the explanation given by the chairman and therefore we did not proceed with the matter further.

"Sir, Mr. Narayanaswami Nayudu repeatedly said that we are not encouraging the growth of local self-Government in this Province. He said 'You have passed the Public Health Act; you have provincialized the Assistant Engineers' Service and so on and so forth.' Sir, local self-Government does not mean inefficiency. Local Self-Government does mean efficiency. When we provincialized the Service of Assistant Engineers great objection was taken by Mr. Narayanaswami Nayudu. But if I remember right, ever since the days of Panagal's Government a great majority of the district boards, at least three-fourths of them have accepted this principle. We referred this matter to the district boards and they said we want provincialization of the Assistant Engineers' posts. They have been agitating for this reform since 1920 and we have done our duty according to the wishes of the district boards. Simply because the Kistna District Board did not like the treatment given to the Assistant Engineers, so it does not mean that the Government will have to accept the policy dictated by the Kistna District Board.

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" By the formation of the Road Traffic Board, we were able to collect 50 lakhs of rupees as revenue and the whole of this revenue we gave to the municipalities and district boards. The amount that we were giving them previously was between 30 and 40 lakhs of rupees. And let us ask any passenger who is habitually using these buses, the bus owners and the management. Do they say that they have suffered after this reform? The Board consists among others of the District Magistrate, the District Superintendent of Police, the District Board President, and a non-official member who is usually a Member of the Legislature who safeguards the interests of the general public. It has not worked badly. I learn from reliable sources that the scheme is working well and that the bus owners and the lorry owners are satisfied. Sometimes they complain about the high tariff.

" As regards public health, I am sorry that the information asked for could not be made available by the office to-day. It will not work hard against local bodies, but that again is not relevant to the issue. So I am faced with this alternative. When a man who is removed is re-elected, should I supersede the whole Board or shall I say to the man, ' You keep aside for six months and let the Board elect somebody else '. I do not interfere with the election. I am only saying that the man who has been removed should not be re-elected. The man who has been removed will have many supporters and one of them may be elected. It is not my business to stop it. Only I say to the man who has been removed: ' You are held responsible for this maladministration. We have after very careful enquiry through so many officers removed you. You stand aside for six months. If there is a general election in the meanwhile, you may stand as a candidate and become a member and become a president even. We do not object to it. But if the election is far off, you keep aside for six months.' There is nothing undemocratic in this; there is nothing to preach about democracy here on this occasion.

" With regard to the panchayat board to which reference was made it was a packed body. Elections were held a long time ago. There were about 12 or 16 members. We removed the chairman. The presumption is that as long as he continues to be the chairman he has a majority. We knew when we took action and issued the notice that he had a majority. We called for an explanation and gave some time. When we were not satisfied with the explanation we removed him. I may also say, Sir, that frequent references are made to party Government. I have also answered that question on the floor of the House and pointed out that in 99 per cent of the cases it is the Inspector's recommendation that has been accepted by the Government. If it is said that the panchayat officers, the Deputy Inspectors and the Inspector have all become Congressmen all of a sudden because the Congress has come into office, I have no answer to give. I may remind hon. Members that all the panchayat officers were appointed during the Justice regime and not during the Congress regime. No panchayat officer

has been appointed by this Government. The panchayat officer's report is the original basis for the enquiry and then it goes to the Deputy Inspector and the Inspector and naturally we have to accept their recommendations. So, if the hon. the Leader of the Opposition is objecting to the recommendations of the panchayat officers, the Deputy Inspectors and the Inspector, I do not know how I can help him."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I am not objecting to them. My objection is that they were not accepted by Government."

THE HON. SRI B. GOPALA REDDI:—" I do not know what was not accepted by the Minister."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" The recommendation of the Inspector in the case of Tiruturaipundi Panchayat Board."

THE HON. SRI B. GOPALA REDDI:—" He himself has said that the Inspector recommended supersession in one case and recommended that no action need be taken in another case and that I accepted the recommendations."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"No. My charge is that the Hon. Minister did not accept the recommendation. The Inspector recommended supersession in both cases and not in one only as stated by the Hon. Minister."

THE HON. SRI B. GOPALA REDDI:—" I do not know, Sir. I have not got the details before me. But I can say that as far as I am concerned I have no interest in Tanjore. I had been there only once, two years ago. I have no personal contacts there."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I never imputed personal motives. I only referred to party considerations."

THE HON. SRI B. GOPALA REDDI:—" Whether party or personal, I cannot bifurcate myself into compartments. I have no place here unless I am a party-man. It must be made clear that whatever I do, I do as a Congressman and as a Minister."

SRI B. NARAYANASWAMI NAYUDU:—" That is exactly the complaint."

THE HON. SRI B. GOPALA REDDI:—" That is exactly my strong point. Under these circumstances, I submit that there is nothing undemocratic in asking a person who has been removed to keep aside for six months. Hon. Members do not object to supersession or dissolution or removal of the president. As long as they do not object to these things, they need not object to this also. This provision will work well and it has satisfied all the sections in the other House."

The motion that the Bill be taken into consideration was put to the House and declared carried.

Ayes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 „ Madhava Menon.
4 „ V. V. Jogayya Pantulu.
5 „ R. Srinivasa Ayyangar.
6 „ A. Rangaswami Ayyangar.
7 „ K. V. Srinivasa Ayyangar.
8 „ N. Sankara Reddi.
9 „ V. Vasantha Rao.
10 „ S. A. S. Rm. Ramanathan Chettiyar.
11 „ M. Narayana Menon.
12 „ K. Venkataswami Nayudu.
13 „ T. A. Ramalingam Chettiyar.
14 Sri T. C. Srinivasa Ayyangar.
15 „ D. Sriramamurthi.
16 „ V. Ganga Raju.
17 „ L. Subba Rao.
18 „ P. Peddi Raju.
19 „ P. Veerabadraswami.
20 „ K. P. Mallikarjunudu.
21 „ C. Perumalswami Reddiyar.
22 „ K. S. Sivasubrahmanya Ayyar.
23 „ S. K. Satagopa Mudaliyar.
24 Khan Bahadur Sir Mahomed Usman Sahib Bahadur.
25 Sri D. Manjayya Hedge.

Noes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 „ B. Narayanaswami Nayudu.
3 „ Rao Bahadur M. Ramakrishna Reddi.
4 S. K. Ahmed Meeran Sahib Bahadur.
5 C. P. Mammoo Keyi Sahib Bahadur.
6 Sayeed Abdul Wahab Bukhari Sahib Bahadur.
7 Sir Frank Birley.
8 Mr. S. J. Gonsalves.
9 Khan Bahadur Hameed Sultan Maracair Sahib Bahadur.
10 Dr. Sir K. V. Reddi Nayudu.
11 Sri Rao Bahadur M. Raman.
12 Mr. J. A. Saldanha.

Ayes: 25. *Noes*: 12.

The motion was carried.

Clause 2 was put and carried.

Clause 3.

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—
"Sir, I beg to move the following amendment:—

'Insert *the following words after the word* 'person' *occurring in line* 1:—

"*other than the president and the vice-president of a panchayat board.*"'

I have said what I wanted to say with regard to this amendment already. I want to press this amendment for the acceptance of the House. My only suggestion is that party politics should not be introduced at least in the village panchayats. The Hon. Minister said that he generally accepts the recommendations of the panchayat officers and the Inspector. But that is not relevant to the issue. The Justice Party delegated the powers of supersession of panchayat boards and the removal of panchayat board presidents to the Inspector of Local Boards. The Congress Ministry has withdrawn that power and kept that power with them. That shows that they are not willing to repose their confidence in their subordinates and want to have all power themselves. With these words, I commend this amendment."

SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"I second it."

THE HON. SRI B. GOPALA REDDI:—"Sir, if I accept the amendment, it will knock the bottom out of the Bill which is mainly meant for the panchayats. If I exempt the presidents and vice-presidents of panchayats, it will make no sense. The whole thing will be nullified by accepting the amendment.

"As regards the delegation of powers to the Inspector, I think I have answered this question already on the floor of the House. But I have disagreed with the Inspector only in a few cases with regard to supersession. That shows that the Government are not unnecessarily interfering with the discretion of the Inspector. I need not say anything at length on this amendment. I am sorry I cannot accept it."

The amendment was put and lost.

Clauses 3 and 1 and the Preamble were put and carried.

THE HON. SRI B. GOPALA REDDI:—"Sir I move—
'*that the Bill be passed into law*'."

The motion was put and carried.

The House then adjourned to meet again at 11 a.m. the next day.

III.—PAPERS LAID ON THE TABLE OF THE HOUSE.

a (1) *G.O. No. 77, Finance, dated 28th March 1939, regarding the authentication by His Excellency the Governor of the Schedule of the Second Supplementary Statement of authorized further expenditure for the year 1938–39.*

a (2) *G.O. No. 78, Finance, dated 31st March 1939, regarding the authentication by His Excellency the Governor of the Schedule of authorized expenditure for the year 1939–40.*

a b (3) *G.O. No. 375, Development, dated 14th February 1939, regarding certain amendments to the Madras Commercial Crops Markets (Election) Rules.*

APPENDIX 1.

[Vide answer to starred question No. 220 asked by Sri B. Narayanaswami Nayudu at the meeting of the Legislative Council held on the 11th May 1939, page 5 supra.]

(1)

Total income under all accounts except advances, deposits and capital of Municipal Councils in 1936–37 and 1937–38, public health expenditure during the period and their percentage.

Name of municipality. (1)	Income, 1936–37. (2)	Public Health expenditure 1936–37. (3)	Percentage of column (3) to column (2). (4)	Income, 1937–38. (5)	Public Health expenditure 1937–38. (6)	Percentage of column (6) to column (5). (7)
	RS.	RS.		RS.	RS.	
1 Anantapur	74,107	21,060	28	92,794	20,683	22
2 Hindupur	1,09,980	16,586	15	1,38,470	13,543	10
3 Tadpatri	56,563	14,954	26	76,319	14,890	20
4 Gudiyattam	83,466	22,590	27	86,641	26,940	31
5 Tirupattur	65,156	16,670	26	88,142	21,116	24
6 Tiruvannamalai ..	1,05,470	37,941	36	1,08,046	39,688	37
7 Vaniyambadi	67,943	35,247	51	68,524	31,502	46
8 Vellore	2,76'215	1,25,750	46	2,84,196	1,37,111	48
9 Walajapet	53,665	11,229	21	49,064	9,923	20
10 Chidambaram	97,840	42,772	44	1,05,628	47,464	45
11 Cuddalore	2,13,694	77,324	36	2,21,243	1,16,583	53
12 Villupuram	82,338	14,934	18	88,395	20,313	23
13 Adoni	1,52,046	69,422	46	1,68,821	45,961	27
14 Bellary	3,38,063	1,09,596	32	3,71,824	1,27,399	34
15 Hospet	1,04,817	19,912	19	1,63,412	23,768	15
16 Chingleput	73,423	32,692	45	75,732	37,674	49
17 Conjeeveram	2,85,692	71,111	25	2,90,071	72,096	25
18 Saidapet	1,19,620	34,537	30	1,20,660	36,421	30
19 Chittoor	83,583	22,688	27	91,748	24,956	27
20 Tirupati	77,011	[illegible]	38	77,640	28,319	36
21 Coimbatore	7,05,399	3,30,974	47	8,90,044	3,18,135	36
22 Dharapuram	63,793	18,165	29	67,827	18,131	27
23 Erode	2,19,969	66,712	30	1,96,719	71,981	37
24 Pollachi	3,26,357	32,997	10	1,54,026	33,185	22
25 Tirupur	1,41,415	23,725	17	2,53,858	24,188	9
26 Udamalpet	65,418	23,151	35	81,600	22,859	28
27 Cuddapah	1,29,284	47,844	37	1,38,715	46,081	33
28 Prodattur	88,859	31,634	36	85,618	31,463	37
29 Cocanada	3,71,977	1,77,815	48	4,30,998	1,08,966	25
30 Peddapuram	57,052	26,754	47	52,272	12,697	24
31 Rajahmundry	2,92,961	1,01,562	35	3,33,594	1,15,666	35
32 Ellore	2,49,837	86,597	35	2,55,199	87,276	34
33 Palacole	1,11,667	45,349	40	1,73,716	45,274	26
34 Chirala	58,937	8,216	14	66,103	10,587	16

Name of municipality	Income, 1936–37.	Public Health expenditure, 1936–37.	Percentage of column (3) to column (2).	Income, 1937–38.	Public Health expenditure, 1937–38.	Percentage of column (6) to column (5).
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS.	RS.		RS.	RS.	
35 Guntur	2,86,259	90,937	32	2,75,013	92,997	34
36 Narasaraopet	64,516	10,961	17	76,010	13,075	17
37 Ongole	65,308	16,908	26	67,183	17,802	26
38 Tenali	1,09,113	30,498	28	1,29,241	34,268	27
39 Mangalore	2,14,096	70,917	33	2,15,179	73,546	34
40 Udipi	26,503	8,461	32	54,171	9,342	17
41 Bezwada	5,44,562	1,52,831	28	4,81,377	1,62,203	34
42 Gudivada	was not constituted		..	41,543	10,076	24
43 Masulipatam	2,67,738	96,270	36	2,75,280	98,463	34
44 Kurnool..	2,31,587	65,277	28	2,38,715	66,884	28
45 Nandyal..	1,18,081	27,771	24	1,14.611	33,548	29
46 Bodinayakkanur ..	64,909	29,483	45	90,512	30,508	34
47 Dindigul	1,92,470	62,096	32	2,09.384	65,044	31
48 Kodaikanal	83,341	24,444	29	61,468	30,111	49
49 Madura	16,10,150	6,14.204	38	1,486,680	6,78,564	46
50 Palni	1,09,913	23,827	23	55,031	43,568	46
51 Periyakulam	69,167	29,651	43	79.013	29.244	38
52 Calicut	4,07,111	1.21,082	30	4,27,015	1,94,876	45
53 Cannanore	1,29,054	30,629	25	1,36,695	30,755	23
54 Cochin	64.715	26.651	41	94,899	28,002	30
55 Palghat	1.50,177	40,719	27	1,48,662	40,362	27
56 Tellicherry	1,16,349	40,318	35	1,09,979	40,591	37
57 Nellore	2,16,401	94,924	44	2,45,235	97.474	39
58 Coonoor	2,30,599	69,226	30	1,48,513	61,959	42
59 Ootacamund	4,50,425	1.10,522	25	5,04,172	1,77,192	35
60 Devakottai	was not constituted		..	99,696	24,439	25
61 Karaikudi	1,10,867	31,534	28	1,02,705	36,261	35
62 Sivakasi	34,477	12,678	36	32,480	10,868	33
63 Srivilliputtur	63,527	20,626	32	62,204	20,015	32
64 Virudunagar	1,80,321	34.401	19	1.62,041	39,382	26
65 Salem	4,95,459	1,49,210	30	5,88,400	1.54,975	26
66 Kumbakōnam	2,93,006	1.19,652	41	3,08,376	1.20,047	39
67 Mannargudi	56,511	20.173	36	53,047	21,290	40
68 Mayavaram	1,25,496	26,108	21	1,29,596	27,915	22
69 Negapatam	2,39,810	86,979	36	1,92 119	91,022	47
70 Tanjore	3,97,413	1.29,201	33	2,75,800	1,31,426	35
71 Tiruvarur	60,877	17,275	28	71,849	17,295	24
72 Palamcottah	98,646	38,630	39	1,13,347	28 300	25
73 Tirunelveli	2,06,943	77,708	38	1,92,575	77.653	40
74 Tuticorin	3,45,572	1,65,506	48	3,54,913	1,65,875	47
75 Karur	1,07,615	40,046	37	1,34,817	29,395	22
76 Srirangam	1,23,218	29,060	24	1,05,557	38'174	36
77 Trichinopoly	6,68,535	2,85,682	43	6,40,626	3,01,848	47
78 Anakapalli	93,922	26,556	28	86,109	30,628	36
79 Bimlipatam	43,011	8,695	20	42,156	9,699	23
80 Chicacole	69,768	14,497	21	70,729	14,552	21
81 Vizagapatam	3,14,350	1,41,145	45	3,16,762	1,31,873	42
82 Vizianagram	1,89,082	86,102	46	2,17,065	94,018	43

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Total income of District Boards in 1936–37 *and* 1937–38, *Public Health expenditure during the two years and their percentage to the income.*

Name of district board.	Income in 1936–37 under all accounts except deposit advances and capital.	Public Health expenditure in the year 1936–37.	Percentage of columns (3) to (2).	Income in 1937–38 under all accounts except deposit advances and capital.	Public Health expenditure in the year 1937–38.	Percentage of columns (6) to (5).
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS.	RS.		RS.	RS.	
1 Anantapur	7,15,029	82,152	11	6,83,865	77,786	11
2 Arcot, North	11,78,908	1,45,581	12	11,64,734	1,34,953	12
3 Arcot, South	15,41,121	1,16,929	8	17,08,185	1,36,490	8
4 Bellary	6,36,092	67,421	11	6,42,883	72,374	11
5 Chingleput	10,79,564	1,11,042	10	10,31,505	1,19,142	12
6 Chittoor	8,58,361	57,393	7	8,58,150	81,888	10
7 Coimbatore	18,12,069	1,63,861	9	19,39,738	1,78,906	9
8 Cuddapah	5,87,000	63,325	12	5,91,265	63,839	11
9 Godavari, East ..	16,80,424	1,48,248	9	18,41,253	1,67,023	9
10 Godavari, West ..	13,76,344	90,665	7	16,28,890	85,127	5
11 Guntur	16,40,129	1,25,671	8	16,72,340	1,30,450	8
12 Kanara, South ..	10,58,950	81,705	8	11,18,994	91,033	8
13 Kistna	19,58,898	1,24,787	6	16,57,303	1,59,033	9
14 Kurnool	8,05,617	87,742	11	9,22,649	85,100	9
15 Madura	16,90,795	1,31,091	8	14,77,899	1,50,018	10
16 Malabar	21,45,576	1,81,208	8	21,89,367	1,92,119	9
17 Nellore	8,80.803	1,17,374	13	9,12,145	1,22,668	13
18 Nilgiris, The	3,18,548	30,754	10	3,21,784	33,486	10
19 Ramnad	13,69,781	1,64,916	12	13,22,394	1,80,268	14
20 Salem	14,06,651	1,31,688	9	14,75,179	1,42,180	10
21 Tanjore	20,11,835	2,18,786	11	20,99,188	2,22,644	11
22 Tinnevelly	13,98,963	1,15,907	8	14,31,552	1,46,457	10
23 Trichinopoly	12,40,297	86,060	7	12,37,788	1,02,502	8
24 Vizagapatam	19,60,049	2,19,505	11	19,03,365	2,23,576	12

(2)

Statement showing the total income under all accounts and total expenditure on public health of the Corporation of Madras in 1937–38.

Name of local body.	Total income under all accounts.	Public health expenditure.				Percentage of Public Health expenditure to the total income.			
		Medical relief.	Preventive medicine.	Water-supply and drainage.	Total.	Medical relief.	Preventive medicine.	Water-supply and drainage.	Total.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	RS.	RS.	RS.	RS.	RS.				
Corporation of Madras ..	72,75,555	2,87,379	16,16,054	16,69,140	35,72,573	3·9	22·2	22·9	49·0

(3)

Public Health establishment of the Corporation of Madras.

Designation.	Number.
1. Medical Relief—	
(a) Hospitals—	
(1) Raja Sir Ramaswami Mudaliyar Lying-in-Hospital Establishment—	
Matron	1
Qualified Sick Nurses and Midwives ..	2
Midwives	4
Wireman	1
Storekeeper	1
Compounders ..	2
Peon	1
Female Attendants	2
Total ..	14
Labour—	
Female Caste Cook ..	1
Do.	1
Waterwoman ..	1
Sweeper	1
Female Totis ..	8
Gardener	1
Do.	1
Dhobis	1
Do.	3
Lascar	1
Watchmen	2
Total ..	21
2. Infectious Diseases Hospitals—	
Establishment—	
Assistant Surgeon ..	1
Medical Officer ..	1
Sub-Assistant Surgeon	1
Do ..	1
Senior qualified Sick Nurse	1
Qualified Sick Nurses.	3
Nurses	4
Do.	2
Clerk	1
Wireman	1
Compounders ..	2
Male Ward Attendants.	7
Do. ..	2
Female Ward Attendants	7
Do.	2
Drivers, Ambulance Car	2
Peons	3
Do.	1
Total ..	42
1. Medical Relief—*cont.*	
(a) Hospitals—*cont.*	
(2) Infectious Diseases Hospitals—*cont.*	
Labour—	
Operator for Steam Disinfector ..	1
Coolie for Steam Disinfector	1
Dhobis	2
Lascar for Wireman.	1
Cooks	4
Cleaners, Ambulance Car	2
Male Sweepers ..	4
Female Sweepers ..	2
Male Totis	8
Female Totis ..	8
Garden Maistri ..	1
Gardeners	3
Women Coolies ..	3
Total ..	40
(b) Dispensaries—	
Establishment—	
Sub-Assistant Surgeons.	24
Relieving Assistant Surgeon	1
Compounders	40
Relieving Compounders.	2
Male Ward Attendants.	20
Do. do.	4
Female Ward Attendants	23
Peons	23
Attender for medical stores	1
Transferred from C.W.S. Lady Doctors ..	6
Transferred from G.W.S. Lady Doctors ..	2
Female Compounders..	8
Peons	8
Venereal Clinics—(Temporary)—	
Medical Officer ..	1
Compounder ..	1
Male Ward Attendant.	1
Female Ward Attendant	1
Total ..	166

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Public Health establishment of the Corporation of Madras—cont.

Designation.	Number.
1. Medical Relief—*cont.*	
(*b*) Dispensaries—*cont.*	
Establishment—*cont.*	
Labour—	
Watchman	1
Sweepers	3
Do.	4
Do.	1
Scavengers	4
Male Toti	1
Driver for Leprosy clinic	1
Total ..	15
2. Preventive Medicines—	
(1) Sanitation—	
Establishment—	
Health Officer	1
Assistant Health Officer.	1
Do.	1
Head Clerk	1
Clerks	16
Do.	1
Do.	2
Shorthand Typist ..	1
Typist	1
Clerical Attender ..	1
Duffadars	2
Peon (Cycle)	1
Do.	11
Sanitary Inspectors ..	1
Do. ..	2
Do. ..	12
Do. ..	2
Inspectors of Weights and Measures ..	1
Do. ..	1
Process Servers ..	16
Magic Lantern Operator.	1
Peons (out door) ..	18
Total ..	94
(2) Water Analysis—	
Establishment—	
Analyst	1
Assistant Analyst ..	1
Attender	1
Do.	1
Total ..	4
Labour—	
Watchman	1

Designation.	Number.
2. Preventive Medicines—*cont.*	
(3) Food adulteration—	
Food Analyst	1
Assistant Analyst ..	1
Food Inspectors	3
Do.	1
Technician	1
Attendant	1
Peons	5
Total ..	13
(4) Vaccination—	
Establishment—	
Medical officers in charge of Vaccination and Registration ..	6
Do. ..	3
Female vaccinators ..	2
Assistant vaccinators ..	36
Do. ..	2
Peons	21
Total ..	70
(5) Epidemic and endemic diseases—	
(iv) Malaria—	
Establishment—	
Medical officer on anti-malarial work ..	1
Supervisor	2
Supervisors (temporary)	1
Overseers (Steg.) temporary	8
Laboratory attender (Steg.) temporary ..	1
Total ..	13
Labour—	
Driver for lorry ..	1
Fireman	1
Maistris	6
Maistris (Stegomia) .	2
Maistris	20
Coolies	56
Coolies (Stegomia) ..	9
Coolies	40
Coolies (Stegomia) ..	5
Fishermen	2
Lorry coolies	12
Fish gangs—	
Maistris	4
Coolies	8
Oil gangs—	
Maistris	2
Coolies	14
Total ..	182

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Public Health establishment of the Corporation of Madras—cont.

Designation.	Number.
2. Preventive Medicines—*cont.*	
(5) Epidemic and endemic diseases—*cont.*	
Staff for destruction of dogs, etc.—	
Establishment—	
Electrician ..	1
Labour—	
Watchmen	2
Totis	2
Total ..	4
(6) Conservancy—	
(a) General—	
Establishment—	
Veterinary officer ..	1
Section manager	1
Clerks	4
Do.	1
Supervisors	2
Sanitary Inspectors ..	1
Do. ..	6
Do. ..	16
Depot Superintendent ..	1
Do. ..	5
Process servers	17
Do.	7
Peons	167
Total ..	229
(b) Cleaning of drains—	
Labour—	
Coolies for open drains, barrel carts, hand carts, silt-traps and syphons	592
Do. ..	30
Coolies for open drains, barrel carts, hand carts, silt-traps and syphons (boys) ..	151
Do. ..	60
Do. ..	20
Main drain coolies ..	100
Total ..	953
(c) Cleaning of streets—	
Labour—	
Maistris	23
Trolly sweepers, rubbish cart-sweepers, etc. ..	676
Do. ..	30
Motor lorry sweepers,	80
Motor lorry maistri ..	1
Total ..	810
2. Preventive Medicines—*cont.*	
(6) Conservancy—*cont.*	
(d) Cleaning of latrines—	
Labour—	
Male scavengers ..	196
Female scavengers ..	138
Boys	71
Total ..	405
(e) Private scavenging—	
(i) Establishment—	
Peon	1
(f) Trenching grounds and Pail depots—	
Establishment—	
Superintendents.	7
Engine driver ..	1
Total ..	8
Labour—	
Maistries	3
Men	80
Women	24
Night watchmen ..	4
Cleaner	1
Driver	1
Total ..	113
(g) Incinerators—	
Establishment—	
Superintendents ..	2
Assistant Superintendent	1
Do.	1
Total ..	4
Labour—	
Firemen	6
Maistris	3
Male coolies	92
Female coolies	40
Boys	10
Ash coolies	4
Total ..	155
(h) Maintenance of bullocks—	
Labour—	
Depot maistris ..	6
Driver do. ..	18
Trolly drivers .. ⎫ Rubbish cart drivers, ⎬ Lorries, etc., drivers. ⎭	620
Reserve drivers ..	20
Total ..	664

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Public Health establishment of the Corporation of Madras—cont.

Designation.	Number.
2. Preventive Medicines—*cont.*	
(6) Conservancy—*cont.*	
(*i*) Maintenance of carts—Labour—	
Carpenter maistry ..	1
Rivetter	1
Total ..	2
(*j*) Maintenance of lorries—Establishment—	
Foreman, Lorry Station	1
Driver	1
Lorry Depot keeper ..	1
Petrol clerk	1
Total ..	4
Labour—	
Drivers	31
Do.	9
Do.	6
Firemen	4
Cleaners	37
Watchman	1
Total ..	88
(7) Births and Deaths—	
(i) Registration Charges—	
(*a*) Establishment—	
Medical Registrars of Births and Deaths.	8
(ii) Maternity and Child Welfare—	
Establishment—	
Lady Superintendent ..	1
Maternity Supervisors ..	11
Clerks	2
Clerk Typist (Temporary).	1

Designation.	Number
2. Preventive Medicines—*cont.*	
(7) Births and Deaths—*cont.*	
(ii) Maternity and Child Welfare—*cont.*	
Establishment—*cont.*	
Driver, Ambulance car ..	1
Lady Doctors ..	4
Health Visitors.	17
Do.	12
Midwives ..	76
Peons	39
Total ..	164
Chulai C.W. centre (Temporary)—	
Lady Doctor ..	1
Maternity Supervisor	1
Health Visitors ..	2
Midwives	6
Peons	3
Total ..	13
Labour—	
Cleaner for Ambulance car	1
(iii) Burial and Burning grounds—	
Establishment—	
Peons	18
Labour—	
Gardeners	14
(8) Fire Protection—	
Establishment—	
Drivers..	4
Cleaners	8
Police Inspector ..	1
Total ..	13

APPENDIX II.

[Vide answer to starred question No. 221 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 6 supra.]

Service. (1)	Recommendation of the Lee Commission. (2)	Present position. Strength. (3)	Number of Europeans. (4)	Number of Indians. (5)	Percentage. (6)	Remarks. (7)
Indian Civil Service.	A composition of 50 per cent Europeans and 50 per cent Indians should be attained in 15 years. The rate of recruitment should be 40 per cent Europeans and 60 per cent Indians until the above composition is reached.					
	(a) Members of the Service.	166	83	82	49·4	One officer has not been classified as a European or as an Indian.
	(b) Listed post-holders ..	19	1	18	94·7	
Indian Police.	A composition of 50 per cent Europeans and 50 per cent Indians should be attained in 25 years from the date on which the new scheme of recruitment comes into operation. The rate of recruitment shall be in the same proportion.	72 (of which one post is vacant).	45	26	36·1	
Indian Service of Engineers.	The rate of recruitment should be 40 per cent Europeans and 60 per cent Indians in Madras where there is a combined cadre working both in the Roads and Buildings Branch (Transferred) and in the Irrigation Branch (Reserved).	46	22 (of whom 4 on leave preparatory to retirement).	24	52·1	Recruitment held in abeyance from 1933.
Indian Agricultural Service.	The service should be provincialized and recruitment should rest entirely with the Local Government subject to the protection of the rights of existing members of the service.	10 (2 of which are vacant and Secretary of State has been asked to abolish them).	4 (of whom one is on leave preparatory to retirement and another has applied for leave).		40	Recruitment stopped in 1924.
Indian Veterinary Service.	Do. do.	2	2	..	..	Do.
Indian Educational Service.	Do. do.	10 * 4 †	3 * 3 †	7 * 1 †	70 * 25 †	Do. Do.

Indian Forest Service.	The rate of recruitment should be 25 per cent Europeans and 75 per cent Indians in provinces in which Forest administration is reserved.	47 (2 of which are vacant).	23 (one of whom is on leave preparatory to retirement).	22	46·8	Recruitment stopped in 1932.
Indian Medical Service.	The service shall be provincialised and recruitment should rest entirely with the Local Government subject to the condition that a minimum number of British Medical Officers should be maintained in the Civil Medical Service to meet the medical needs of British officers in the civil services and their families.	Posts now reserved for Indian Medical service officers .. 19 Leave reserve. 7 Total .. 26	18 including leave reserve of 4, one post is vacant. Total 19.	7 including leave reserve of 1.	27	Number of posts protected for Indian Medical Service officers in civil employ—on 10th May 1928 .. 8; on 1st April 1937 .. 10; Total .. 18 Present strength of protected officers— 5; 9; Total .. 14 (of the 14 officers 7 are counted against the reservation showing in column (5). There are now in all 32 officers of the Indian Medical Service in the Medical Public Health and Jail Departments of this Presidency.)

*Men † Women.

APPENDIX III.

[Vide answer to starred question No. 222 asked by Sri Rao Bahadur N. R. Samiappa Mudaliyar at the meeting of the Legislative Council held on the 11th May 1939, page 7 supra.]

List of Gazetted officers granted extension of service by this Government during the period from 1st January 1928 to 1st January 1939.

Serial number and name, designation and salary of the officer. (1)	The community to which he belonged. (2)	The date of the order by which the extension was granted. (3)	The period for which the extension was granted. (4)
Judicial department—			
1 Mr. G. S. White, Registrar, High Court, Rs. 2,150	European	12th January 1932.	12th February 1933 to 11th February 1934.
		17th January 1933.	12th February 1934 to 11th February 1935.
		10th August 1934	12th February 1935 to 11th February 1936.
		7th August 1935	12th February 1936 to 11th February 1937.
		5th August 1936	12th February 1937 to 11th February 1938.
2 Sri S. Andisundarachariyar, Deputy Registrar, Appellate Side, High Court, Rs, 1,080.	Non-Brahman	16th July 1930	24th September 1930 to 23rd September 1931.
		26th March 1931	24th September 1931 to 23rd September 1932.
		12th January 1932.	24th September 1932 to 23rd September 1933.
3 Sri K. Kuppuswami Ayyar, Acting Second Assistant Registrar, O.S. and Permanent Sub-Assistant Registrar, High Court, Rs. 400.	Brahman	8th May 1929	1st July 1929 to 30th June 1930.
		27th March 1930	1st July 1930 to 30th June 1931.
		26th March 1931	1st July 1931 to 30th June 1932.
4 Sri K. S. Lakshminarayana Ayyar, Sub-Judge, Acting as District Judge, Rs. 1,000.	Do.	16th March 1929	22nd January 1929 to 15th February 1929.
		28th March 1929	16th February 1929 to 28th February 1929.

5 Sri M. R. Sankara Ayyar Sub-Judge, Acting District Judge, Rs. 850.	Do.	21st October 1931	24th October 1931 to 15th December 1931.
		23rd November 1931.	16th December 1931 to 24th December 1931.
6 Sri U. Vaman Nayak, Sub-Judge, Rs. 800	Do.	10th February 1938.	16th January 1938 to 12th February 1938.
7 Sri R. Rangaswami Ayyangar, Sub-Judge, Acting District Judge, Rs. 850.	Do.	25th April 1938.	26th April 1938 to 7th May 1938.
Translator's department—			
8 Shams-ul-ulama Lisanul Hikmat, Maulana Moulvi Muhammad Abdur Rahman Sahib Bahadur Shatir, Persian and Hindustani Translator to Government, Rs. 480.	Muhammadan	2nd September 1932.	One year.
Government Press—			
9 Mr. F. L. Gilbert, Superintendent, Government Press, Rs. 1,200.	European	3rd September 1928. 11th October 1928	Eight months and twenty-two days.
Medical department—			
10 Sri Rao Sahib T. Sundara Reddi, Professor of Anatomy, Medical College, Madras, Rs. 1,300.	Non-Brahman	17th April 1929 20th March 1930	One year. Do.
Cinchona department—			
11 Mr. W. H. P. Collins, Superintendent, Cinchona plantations, Rs. 450—10—550—15—700.	European	8th July 1927	25th September 1927 to 24th September 1928.
		10th September 1928.	25th September 1928 to 24th September 1929.
		19th September 1929.	25th September 1929 to 24th September 1930.
Public Works Department—			
12 Sir Clement Mullings, Engineer-in-Chief, Cauvery-Mettur Project, Rs. 3,000 plus special pay Rs. 300 plus O. P. £. 13–6–8.	European	9th April 1929	9th April 1929 to 8th July 1929.
Secretariat of Legislature—			
13 Sri Diwan Bahadur R. V. Krishna Ayyar, Secretary, Madras Legislature, Rs. 1,500 plus personal pay of Rs. 100.	Brahman	15th October 1938	16th August 1939 to 15th August 1940.

List of Gazetted officers granted extension of service by this Government during the period from 1st January 1928 to 1st January 1939—cont.

Serial number, name, designation and salary of the officer. (1)	The community to which he belonged. (2)	The date of the order by which the extension was granted. (3)	The period for which the extension was granted. (4)
General Administration—			
14 Sri Diwan Bahadur T. Raghavayya, C.S.I., Collector on special duty as Chairman of the Malabar Tenancy Committee, Rs. 3,000.	Brahman	4th February 1928.	3rd November 1927 to 31st March 1928.
		14th April 1928 ..	1st April to 21st April 1928.
15 Sri Rao Bahadur A. A. Venkatarama Ayyar, Deputy Collector, Rs. 850.	Do.	25th January 1936..	29th January 1936 to 30th April 1936.
16 Sri Diwan Bahadur K. V. Kunhiraman Nayar, Deputy Collector, Rs. 850.	Non-Brahman ..	7th August 1937 ..	3rd September 1937 to 2nd May 1938.
		20th January 1938.	3rd May 1938 to 2nd June 1938.
17 Sri T. Kuppuswami Ayyar, First Assistant, Board of Revenue, Rs. 460.	Brahman	7th July 1930 ..	One month.
		30th July 1930 ..	One year.
		25th May 1931 ..	One month and 25 days.

APPENDIX IV.

[*Vide* answer to starred question No. 226 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 11 *supra*.]

Statement showing the rate of grazing fee in reserved forests under the control of the Forest department.

Name of division. (1)	Rate of grazing fee before 1st April 1939. (2)	
	WALTAIR CIRCLE.	
1 Golgonda Agency	3 annas per cow unit.	
2 Vizagapatam	Agency cattle—3 annas per cow unit. Plains cattle—8 annas per cow unit.	
3 Upper Godavari	2 annas per cow unit.	
4 Lower Godavari—		
Settlers	1 anna per head.	
Local	3 annas per cow unit.	
Alien	6 annas per cow, 12 annas per buffalo and 1½ annas per sheep.	
5 Guntur—		
Kistna Mangroves	3 annas per cow unit.	The rate has been reduced by 50 per cent with effect from 1st April 1938.
Kondapalle Reserved Forest	Re. 1 per cow unit.	
Other parts of the Guntur district.	8 annas per cow unit.	
6 Nellore	Under kancha system—When permit system was in vogue 8 annas per cow unit. Under Departmental kancha system—	
Sriharikota	12 annas per buffalo, 8 annas per cow and 4 annas per sheep.	

Under Departmental kancha system (Nellore):

	Local cattle. RS.	A.	P.	Foreign cattle. RS.	A.	P.
Buffalo	1	4	0	1	8	0
Cow or bull	1	0	0	1	4	0
Sheep	0	6	0	0	8	0

Statement showing the rate of grazing fee in reserved forests under the control of the Forest department—*cont.*

Name of division. (1)	Rate of grazing fee before 1st April 1938. (2)	
BELLARY CIRCLE.		
1 Anantapur except the following areas :—	8 annas per cow unit.	The rate has been reduced by 50 per cent with effect from 1st April 1938.
(a) Madanapalle and Vayalpad taluks.	6 annas per cow unit.	
(b) Vempalle and Ganganapalle Ranges.	Do.	
(c) Bellary Reserves	Do.	
2 Kurnool	*Non-penta rate*— Buffalo 12 annas, cow 8 annas and sheep 4 annas. *Penta rate*— Re. 1 per cow unit.	
Kanigiri Range in South Kurnool ..	8 annas until 1930 under kancha system.	
3 Cuddapah	*Local cattle*— 6 annas per cow unit. *Foreign cattle*— Re. 1 per head.	
4 Chenupalle and Gopavarampalle villages.	1 anna per head subject to a limit of 700 animals. The concessional rate was fixed by the Forest Member after personal visit in 1901.	Withdrawn in 1937.
Sidhout and Cuddapah taluks ..	*Bullmen* half rate (3 annas per cow unit).	
SALEM CIRCLE.		
1 Chittoor—		
Gudiyattam Range	8 annas per cow unit.	
Other ranges—		
Local cattle	6 annas per cow unit.	
Foreign cattle	12 annas per cow unit.	

2 Vellore—		The rate has been reduced by 50 per cent with effect from 1st April 1938.
Local cattle and plains cattle ..	8 annas per cow unit.	
Foreign cattle	Re. 1 per cow unit.	
Malayali cattle (Hill village areas).	3 annas per cow unit.	
3 North Salem—		
Krishnagiri range	Sheep 3 annas, cow 8 annas, buffalo 12 annas.	
Other ranges	Sheep 4 annas, cow 8 annas, buffalo 12 annas.	
4 Central Salem—		
(a) Attur and Harur ranges ..	9 annas per cow unit.	
(b) Shevaroys north range ..	Sheep 3 annas, cow 8 annas, buffalo 12 annas.	
(c) Shevaroys south range ..	9 annas per cow unit.	
(d) Cauvery range	Sheep 3 annas, cow 8 annas, buffalo 12 annas.	
(e) Parts of Attur range within South Arcot district limits.	Re. 1 per cow unit.	
(f) Hill Village System (Malayali cattle).	3 annas per cow unit.	
5 South Salem—		
Namakkal range	6 annas per cow unit.	
Other ranges	9 annas per cow unit.	
COIMBATORE CIRCLE.		
1 North Coimbatore	8 annas per cow unit.	
2 South Coimbatore other than Compartment I of Punachi Working Circle.	8 ann s per cow unit.	
Compartment I of Punachi Working the Circle (though closed under the working plan) was thrown open to grazing from 1930–31.	Special rate of Rs. 2-8-0 per head of cattle, the number being restricted to 30.	
Kollegal	8 annas a cow unit.	

Statement showing the rate of grazing fee in reserved forests under the control of the Forest department—*cont.*

Name of division. (1)	Rate of grazing fee before 1st April 1938. (2)	
COIMBATORE CIRCLE—*cont.*		
3 Madura—		
(*a*) Old Vaiyampatti range of Trichinopoly district now forming part of Ayyalur range.	Re. 1 per cow unit.	
Rest of the division	12 annas per cow unit.	
4 Tinnevelly	8 annas a cow unit.	
5 Tanjore—		
(*a*) Kodiakadu Reserved Forests.	8 annas a cow or buffalo.	
(*b*) Talayanar Reserved Forests (opened to grazing in July 1932).	Re. 1 a cow unit; Rs. 2 a buffalo.	
OOTACAMUND CIRCLE.		The rate has been reduced by 50 per cent with effect from 1st April 1938.
1 South Kanara	Cow 6 annas; buffalo 10 annas.	
2 Wynaad	Cow 8 annas; buffalo Re. 1.	
3 Palghat—		
(*a*) Palghat range	Ordinary— Re. 1 a cow unit.	
(*b*) Mannarghat range	8 annas a cow unit.	
(*c*) Portion in Coimbatore district—		
(i) Bolampatti range ..	8 annas a cow unit.	
(ii) Anaikatty blocks ..	Re. 1 a cow unit.	
(iii) Palghat range ..	Do.	
The Nilgiris—		
(*a*) Ordinary	3 annas per cow unit.	
(*b*) Foreign	8 annas per cow unit.	
(*c*) Slaughter cattle from Mysore ..	3 annas per 50 per day.	
(*d*) Toda cattle	Free.	

Statement showing the grazing rates in the panchayat forests in the Presidency.

Panchayat.	Rates of grazing fees till 1938.			Present rate.		
	Buffalo.	Cow.	Sheep.	Buffalo.	Cow.	Sheep.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Anantapur.						
Anantapur	1 0 0	0 8 0	0 4 0	No change.		
South Kanara.						
Bogotigujjikadu	0 2 0	0 1 0	..			
Volaikadu	0 4 0	0 2 0	..			
Hathunandikadu	0 1 0	0 1 0	..			
Banglehadi	0 2 0	0 1 0	..			
Herurkadu	0 1 0	0 1 0	..			
Padubette Hathumandikadu ..	0 4 0	0 2 0	..			
Belpukadu	0 4 0	0 2 0	..			
Ramasamudrakadu	0 12 0	0 6 0	0 3 0			
Gathinapadarakadu	0 4 0	0 2 0	..			
Katipallakadu	0 3 0	0 2 0	..			
Vizagapatam.						
Peddapalli	0 12 0	0 6 0	0 3 0			
Bayyavaram	0 12 0	0 6 0	0 3 0			
Regupalem	0 12 0	0 6 0	0 3 0			
Gokivada	0 12 0	0 6 0	0 3 0			
Yenavaram	0 12 0	0 6 0	0 3 0			
Kalavalapalli	0 12 0	0 6 0	0 3 0			
Adakula	0 6 0	0 3 0	0 1 6			
Venkatapuram	0 12 0	0 6 0	0 3 0			
Ramnad.						
Kothangulam	0 8 0	0 4 0	..			

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2) RS. A. P.	Cow. (3) RS. A. P.	Sheep. (4) RS. A. P.	Present rate. Buffalo. (5) RS. A. P.	Cow. (6) RS. A. P.	Sheep. (7) RS. A. P.
Cuddapah.						
Cheemalapenta	0 12 0	0 6 0	0 3 0	No change.		
Machanur	0 12 0	0 6 0	0 3 0			
Lebaka	0 12 0	0 6 0	0 3 0			
Kommaddi	0 12 0	0 6 0	0 3 0			
Palagiri	0 12 0	0 6 0	0 3 0			
Appayapalle	0 12 0	0 6 0	0 3 0			
Uppalur	0 12 0	0 6 0	0 3 0			
Diguvapatnam	0 12 0	0 6 0	0 3 0			
Dhodiyam	0 12 0	0 6 0	0 3 0			
Yamavaram	1 0 0	0 8 0	0 4 0			
Venkayakalva	0 12 0	0 6 0	0 3 0			
Nakkavaripalle	0 12 0	0 6 0	0 3 0			
Mangapatnam	1 0 0	0 8 0	0 4 0			
Kosinepalle	1 0 0	0 8 0	0 4 0			
Tallaproddattur	0 12 0	0 6 0	0 3 0			
Denepalle	1 0 0	0 8 0	0 4 0			
Sirigepalle	0 12 0	0 6 0	0 3 0			
Bhogalakatta	0 12 0	0 6 0	0 3 0			
Settivaripalle	1 0 0	0 8 0	0 4 0			
Gandikota	1 0 0	0 8 0	0 4 0			
Peddandlur	1 0 0	0 8 0	0 4 0			
Bondalakunta	1 0 0	0 8 0	0 4 0			
Jangamrajupalle	0 12 0	0 6 0	0 3 0	0 6 0	0 3 0	0 1 6
Rameswaram	0 12 0	0 6 0	0 3 0	No change.		
Kallur	0 12 0	0 6 0	0 3 0			
Mittamaniapalle	0 12 0	0 6 0	0 3 0	0 6 0	0 3 0	0 1 6
Jandlamoram	0 12 0	0 6 0	0 3 0			
Chilamkur	0 12 0	0 6 0	0 3 0	No change.		
Kalamalla	1 0 0	0 8 0	0 4 0	0 12 0	0 6 0	0 3 0

Rangampalle	0 12 0	0 6 0	0 3 0	No change.		
Pattur	0 12 0	0 6 0	0 3 0			
(Concessional rate.)	0 4 0	0 2 0	0 1 0			
Yarraballa	1 0 0	0 6 0	0 3 0			
Ambakkapalle	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Murarichintala	1 0 0	0 8 0	0 4 0			
Lingala	0 12 0	0 6 0	0 3 0	No change.		
Kommanutala	1 8 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Velidandla	0 12 0	0 6 0	0 3 0			
Theliki	1 0 0	0 8 0	0 4 0	0 12 0	0 6 0	0 3 0
Paidipalem	0 12 0	0 6 0	0 3 0			
Mallela	1 0 0	0 8 0	0 4 0	No change.		
Cherlopalle	0 12 0	0 6 0	0 3 0			
Tsundupalle	0 12 0	0 6 0	0 3 0			
Parmatikona	0 12 0	0 6 0	0 3 0			
Vandadi	0 12 0	0 6 0	0 3 0			
Kamalamarri	0 12 0	0 6 0	0 3 0			
Madhavaram	0 12 0	0 6 0	0 3 0			
Tsakibanda	0 12 0	0 6 0	0 3 0			
Eguvakottivedu	0 12 0	0 6 0	0 3 0			
Polimerapalle	0 12 0	0 6 0	0 3 0			
Sibyala	0 12 0	0 6 0	0 3 0			
Kesapuram	0 12 0	0 6 0	0 3 0			
Surabhu	0 12 0	0 6 0	0 3 0			
Kurnutala	0 12 0	0 6 0	0 3 0			
Nulivedu	0 12 0	0 6 0	0 3 0			
Coimbatore.						
Arachalur	3 0 0	2 0 0	..	2 0 0	1 0 0	..
Chennimalai	3 0 0	2 0 0	..	No change.		
Ekkatampalayam	3 0 0	2 0 0	..			
Punjai Dalavaipalayam	..	2 0 0	..			
Punja Palatholuvu	3 0 0	2 0 0	..			
Dalavoipatnam	2 0 0	1 0 0	0 8 0			
Garudankottai	2 0 0	1 0 0	0 8 0			
Udhiyur	2 0 0	1 0 0	0 8 0			
Modur, Blocks I and II	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Modur, Block III	1 0 0	0 8 0	0 4 0			
Alatti	1 0 0	0 8 0	0 4 0			

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Coimbatore—cont.						
Vachinampalayam	0 0	0 8 0	0 4 0	No change.		
Odanthurai	1 0 0	0 8 0	0 4 0	No change.		
Thekkampatti	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Ettimadai	..	0 8 0	0 4 0	No change.		
Periakallipatti	1 0 0	0 8 0	0 4 0	No change.		
Thoppampalayam	1 0 0	0 8 0	0 4 0	No change.		
Alampalayam	1 0 0	0 8 0	0 4 0	No change.		
Panayamballi	1 0 0	0 8 0	0 4 0	No change.		
Shenbagaputhur	1 0 0	0 8 0	0 4 0	No change.		
Andiyur	1 0 0	0 8 0	0 4 0	No change.		
Salem.						
Kallavi	..	0 9 0	0 4 6	No change.		
Katteri	1 2 0	0 9 0	0 4 6	No change.		
Pudur Pungani	..	0 9 0	0 4 6	No change.		
Vellakkal	..	0 9 0	0 4 6	No change.		
Elavambadi	..	0 9 0	0 4 6	No change.		
Sundamalai	..	0 9 0	0 4 6	..	0 6 0	0 3 0
Harur	1 2 0	0 9 0	0 4 6	No change.		
Thammisettipatti	..	0 9 0	0 4 6	No change.		
Kilmarupur	..	0 9 0	0 4 6	No change.		
Vadapatti	..	0 9 0	0 4 6	No change.		
Ganapathipatti	..	0 9 0	0 4 6	No change.		
Selliampatti	..	0 9 0	0 4 6	No change.		
Kattavadichampatti	1 2 0	0 9 0	0 4 6	No change.		
Ammapet	1 2 0	0 9 0	0 4 6	No change.		
Sunkarahalli	1 2 0	0 9 0	0 4 6	No change.		
Ramenahalli	..	0 9 0	0 4 6	No change.		
Elagiri	..	0 4 0	0 2 0	..	0 4 0	0 1 6

Gunnuseettihalle	..	..	..	0 9 0	0 4 6	No change.		
Varatnapalle ..	..	..	..	0 9 0	0 4 6	No change.		
Mattakal ..	..	..	..	0 8 0	0 4 0	No change.		
Thogarapalli ..	..	..	..	0 8 0	0 4 0	No change.		
Udedrugam ..	..	..	..	0 8 0	0 4 0	No change.		
Elathur ..	..	..	..	0 8 0	0 4 0	No change.		
Gonur ..	..	..	1 2 0	0 9 0	0 4 6	No change.		
Thottipatti ..	..	..	1 0 0	0 8 0	0 4 0	No change.		
Kolnaikampatti	..	..	1 0 0	0 8 0	0 4 0	No change.		
Suriyamalai ..	..	..	1 0 0	0 8 0	0 4 0	No change.		
Pakkanad ..	..	..	1 0 0	0 8 0	0 4 0	No change.		
Virapandi ..	..	..	..	0 9 0	0 4 6	No change.		
Murungapatti ..	..	..	..	0 9 0	0 4 6	No change.		
Vedapalli ..	..	..	..	0 9 0	0 4 6	No change.		
Gazzalnaikampatti	..	..	..	0 9 0	0 4 6	..	0 4 6	0 2 3
Kattuveppalaipatti	..	..	..	0 9 0	0 4 6	No change.		
Ponnarampatti	..	..	..	0 9 0	0 4 6	No change.		
Kondayampalli	..	..	..	0 9 0	0 4 6	No change.		
Thandrayapuram	..	..	..	0 9 0	0 4 6	No change.		
Keeripatti ..	..	..	..	0 9 0	0 4 6	No change.		
Seeliyampatti ..	..	..	..	0 9 0	0 4 6	No change.		
Gudamalai ..	..	..	..	0 9 0	0 4 6	No change.		
Madura.								
Chinnamanur ..	..	..	..	0 12 0	0 6 0	No change.		
Sengurichi ..	..	..	0 12 0	0 6 0	0 3 0	No change.		
Kalvarpatti ..	..	..	1 8 0	0 12 0	0 6 0	0 12 0	0 6 0	0 3 0
Gollapatti ..	..	..	1 8 0	0 12 0	0 6 0	No change.		
Allinagaram ..	..	..	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Veerapandi ..	..	..	1 8 0	0 12 0	0 6 0	No change.		
Pappapatti ..	..	..	1 8 0	0 12 0	0 6 0	0 12 0	0 6 0	0 3 0
Nariampatti ..	..	..	1 8 0	0 12 0	0 6 0			
Tenkarai ..	..	..	1 8 0	0 12 0	0 6 0	No change.		
Vilacheri ..	..	..	1 8 0	0 12 0	0 6 0	No change.		
Nalluthevanpatti	..	..	1 8 0	0 12 0	0 6 0	No change.		
Thadayampatti ..	..	..	..	0 8 0	0 4 0	No change.		
Manuthu ..	..	..	..	0 12 0	0 6 0	No change.		
Pudur ..	..	..	..	0 12 0	0 6 0	..	0 6 0	0 3 0

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Madura—cont.						
Moongipatti .. .. .. }						
Arukkampatti .. .. .. }	..	0 8 0	0 5 0	0 12 0	0 6 0	0 3 0
Pallapatti	..	0 4 0	0 2 0	No change.		
Narasingampatti	..	0 8 0	0 4 0	No change.		
Mannadimangalam	1 8 0	0 12 0	0 6 0	No change.		
Sivagnanapuram	1 8 0	0 12 0	0 6 0	No change.		
Sengattampatti	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Nadakottai	1 8 0	0 12 0	0 6 0	No change.		
East Godavari.						
Anuru	1 0 0	0 8 0	0 4 0	No change.		
Murari	2 0 0	1 0 0	0 8 0	No change.		
Kogida	1 0 0	0 8 0	0 4 0	No change.		
Dharbhagudem	0 6 0 (local)	0 3 0 (local)	0 1 6 (local)	No change.		
Jeelugumilli	0 12 0 (alien)	0 6 0 (alien)	0 3 0 (alien)	No change.		
West Godavari.						
Bandamcherla	0 10 0	0 5 0	0 2 6	0 8 0	0 4 0	0 2 0
Chintalapudy	0 12 0	0 6 0	0 3 0	No change.		
Makkinavarigudem	0 12 0	0 6 0	0 3 0	0 8 0	0 4 0	0 2 0
Raghavapuram	0 12 0	0 6 0	0 3 0	0 10 0	0 5 0	0 2 6
Todigalapudi	0 12 0	0 6 0	0 3 0	0 8 0	0 4 0	0 2 0
Velagalapalli	0 12 0	0 6 0	0 3 0	0 10 0	0 5 0	0 2 6
Yerraguntapalli	0 12 0	0 6 0	0 3 0	0 10 0	0 5 0	0 2 6

Ramasingavaram	.. ..	0 12 0	0 6 0	0 3 0	No change.
Mutyalapalli	.. .. ..	0 12 0	0 6 0	0 3 0	
Nochugunta	.. .. ..	0 12 0	0 6 0	0 3 0	
Ungutur	.. .. ..	0 12 0	0 6 0	0 3 0	
Nallajerla	.. .. ..	0 12 0	0 6 0	0 3 0	
Dubacherla	.. .. ..	0 12 0	0 6 0	0 3 0	
Kistna.					
Bandar Fort	.. .. ..	0 12 0	0 6 0	0 3 0	No change.
Pedapatnam	.. .. ..	0 12 0	0 6 0	0 3 0	
Ullipalem	.. .. ..	0 6 0	0 3 0	0 1 6	
Tadepalli	.. .. ..	0 12 0	0 8 0	0 4 0	
Velagalam	.. .. ..	0 12 0	0 8 0	0 4 0	
Konduru	.. .. ..	1 0 0	0 8 0	0 4 0	
Jangalapalli	.. .. ..	1 0 0	0 12 0	0 4 0	
Dasullapalem	.. .. ..	0 12 0	0 10 0	0 4 0	
Veluvadam	.. .. ..	0 8 0	0 4 0	0 2 0	
Ganapavaram	.. .. ..	1 0 0	0 10 0	0 3 0	
Vellatur	.. .. ..	..	0 8 0	0 2 0	
Ramannapet	.. .. ..	0 8 0	0 6 0	0 3 0	
Pochampalli	.. .. ..	1 0 0	0 10 0	0 2 0	
Gundaboyinapalem	.. ..	0 8 0	0 6 0	0 2 0	
Jaggayyapet	.. .. ..	1 0 0	0 8 0	0 4 0	
Budavada	.. .. ..	1 0 0	0 8 0	0 4 0	
Ravirala	.. .. ..	0 12 0	0 6 0	0 3 0	
Bulusupad	.. .. ..	..	0 8 0	0 4 0	
Chillakallu	.. .. ..	..	0 8 0	0 4 0	
Gandrayi	.. .. ..	..	0 12 0	0 4 0	
Kurnool.					
Mattupalle	.. .. ..	0 10 0	0 5 0	0 2 6	No change.
Ramallakota, East	.. ..	1 0 0	0 8 0	0 4 0	
Ramallakota, West	.. ..	1 0 0	0 8 0	0 4 0	
Emboy ..	.. .. ..	1 0 0	0 8 0	0 4 0	
Katarkonda	.. .. ..	1 0 0	0 8 0	0 4 0	
Betamcherla	.. .. ..	1 0 0	0 8 0	0 4 0	
Kottiaburuyu	.. .. ..	1 0 0	0 8 0	0 4 0	
Eddupenta	.. .. ..	1 0 0	0 8 0	0 4 0	

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat.	Rates of grazing fees till 1938.			Present rate.		
	Buffalo.	Cow.	Sheep.	Buffalo.	Cow.	Sheep.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Kurnool—cont.						
Peapally	1 0 0	0 8 0	0 4 0	No change.		
Pattikonda	1 0 0	0 8 0	0 4 0	No change.		
Jonnagiri	1 0 0	0 8 0	0 4 0	No change.		
Erragudi	1 0 0	0 8 0	0 4 0	No change.		
Pendekal	1 0 0	0 8 0	0 4 0	No change.		
Juggoli	1 0 0	0 8 0	0 4 0	No change.		
Gundlakonda	1 0 0	0 8 0	0 4 0	No change.		
Kappatralla	1 0 0	0 8 0	0 4 0	No change.		
Karumanchi	1 0 0	0 8 0	0 4 0	No change.		
Loddipalle	0 10 0	0 5 0	0 4 0	No change.		
Velgode	0 10 0	0 5 0	0 2 6	No change.		
Bilakalagudur	1 0 0	0 8 0	0 2 6	No change.		
Ramavaram	0 8 0	0 4 0	0 4 0	No change.		
Yadawada	0 12 0	0 6 0	0 2 0	No change.		
Ganapavaram	1 0 0	0 8 0	0 3 0	0 10 0	0 5 0	0 2 6
				No change.		
Yerragondapalem	0 12 0	0 6 0	0 3 0	0 10 0	0 5 0	0 2 6
Tinnevelly.						
Sivalarkulam	1 0 0	0 8 0	0 4 0	No change;		
Patemanagaram	2 8 0	1 4 0	0 10 0	No change;		
Gangaikondan	1 0 0	0 8 0	0 4 0	No change;		
Talayuthu	1 8 0	0 12 0	0 6 0	No change;		
Muthur	1 0 0	0 8 0	0 4 0	No change;		
Melapattam	2 0 0	1 0 0	0 4 0	No change;		
Sivalaperi	1 0 0	0 8 0	0 4 0	No change;		

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Nellore.

Nellore	2 0 0	1 0 0	0 8 0	No change.
Ammancherla	1 4 0	0 10 0	0 5 0	
Dostali, Kondlapudi, South Mopur, Kondamur, Kakatur, Chemudugunta	1 8 0	0 12 0	0 6 0	
Kanupur, East	1 4 0	0 10 0	0 5 0	
Kanupur, West	1 8 0	0 12 0	0 6 0	
Cherukumudi	1 8 0	0 12 0	0 6 0	
Madamanur	2 0 0	1 0 0	0 8 0	
Muthukur	1 8 0	0 12 0	0 6 0	
Survepalle	1 4 0	0 10 0	0 5 0	
Uggumudi	1 0 0	0 12 0	0 6 0	
Pernod	1 8 0	0 12 0	0 6 0	
Venod	1 8 0	0 12 0	0 6 0	
Gudlur	1 8 0	1 0 0	0 4 0	
Chakicherla	0 8 0	0 8 0	0 2 0	
Ch lamcherla	1 0 0	1 0 0	0 4 0	
Yelurpad	1 0 0	1 0 0	0 4 0	
Chagollu	1 8 0	1 0 0	0 4 0	
Mogilicherla	1 8 0	0 12 0	0 4 0	
Ravur	1 0 0	1 0 0	0 4 0	
Chinalaterpi	1 0 0	1 0 0	0 4 0	
Bhimavaram	1 0 0	1 0 0	0 4 0	
Thettu	1 0 0	1 0 0	0 4 0	
Ulavapad	1 0 0	1 0 0	0 4 0	
Potlur	1 0 0	1 0 0	0 4 0	
Pakala	1 0 0	1 0 0	0 4 0	
Karedu	1 0 0	0 8 0	0 4 0	
Gudur	..	0 12 0	..	
Kammavaripalem	1 0 0	0 12 0	0 4 0	
Vallipedu	..	0 12 0	0 6 0	
Momidi	1 4 0	0 10 0	0 5 0	
Yellasiri	1 0 0	0 12 0	0 4 0	
Tammanapatnam	1 4 0	0 12 0	0 5 0	
Kothapatnam	1 0 0	0 12 0	0 4 0	

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Nellore—cont.						
Vendodu	1 8 0	0 12 0	0 6 0	No change.		
Vedurbudanam	..	0 12 0	0 6 0			
Vedicherla	1 0 0	0 12 0	0 4 0			
Vindur	..	0 12 0	0 6 0			
Byravaram	..	1 0 0	0 4 0			
Duttalur	..	1 0 0	0 4 0			
Gandipalem	..	1 0 0	0 4 0			
Guvadi	..	1 0 0	0 4 0			
Konduroddipalli	..	1 0 0	0 4 0			
Krishnapuram	1 8 0	1 0 0	0 4 0			
Marripad	..	1 0 0	0 6 0	..	0 8 0	..
Nandavaram	..	0 12 0	0 6 0			
Nandipad	..	1 0 0	0 4 0	No change.		
Yipalagunta	..	1 0 0	0 4 0			
Ranganaidupalli	0 12 0	0 12 0	..			
Tichavaram	..	1 0 0	0 7 0	..	0 8 0	..
Udayagiri	1 8 0	0 12 0	0 4 0			
Yemkollugundlamadakala	..	1 0 0	0 4 0			
Ayyagaripalem	..	1 0 0	..			
Biradavolu	..	0 12 0	0 6 0			
Cherlopalli	1 0 0	0 12 0	0 6 0			
Cheekavolu	..	0 12 0	0 6 0			
Chaganam	..	0 12 0	..			
Chittalur	..	0 12 0	0 6 0			
Cheepinapi	..	0 12 0	0 6 0			
Chintalapalem	..	0 12 0	..			
Dashur	..	0 12 0	..			
Duggunta	..	0 12 0	0 6 0			

Gilakapad	1 0 0	0 12 0	0 6 0
Gundavole	1 0 0	0 12 0	0 6 0
Gulimcherla	1 0 0	0 12 0	0 6 0
Griddalore	1 0 0	0 12 0	0 6 0
Josepalli	1 0 0	0 12 0	0 6 0
Kommipad	1 0 0	0 12 0	0 6 0
Marlapudi	1 0 0	0 12 0	0 6 0
Marupur	1 0 0	0 12 0	0 6 0
Mogallur	..	0 12 0	0 6 0
Nernur	..	0 12 0	0 6 0
Nellepalli	1 0 0	0 12 0	0 6 0
Pallicherlapad	..	0 12 0	..
Podalakur	..	0 12 0	0 6 0
Penubarthi	..	0 12 0	0 4 0
Pulikollu	..	0 12 0	..
Potegunta	..	0 12 0	0 6 0
Rajupalem	..	0 12 0	0 6 0
Siddavaram	..	0 12 0	0 6 0
Sydapuram	1 0 0	0 12 0	0 6 0
Toderu	1 0 0	0 12 0	0 6 0
Tummalatalupur	1 0 0	0 12 0	0 6 0
Turimerla	..	0 12 0	0 6 0
Thurpupoondla	..	0 12 0	..
Utukur	..	0 12 0	..
Vadlapudi	..	0 12 0	0 4 0
Vavintaparthi	..	0 12 0	..
Vumbabhi	..	0 12 0	..
Yetur	1 0 0	0 12 0	0 6 0
Timmasamudaram	1 0 0	1 0 0	0 8 0
Tallapalem	1 8 0	0 12 0	0 6 0
Mannbolupad	0 12 0	0 12 0	..
Veligandla	..	1 0 0	0 8 0
Kudimaladinnepad	1 0 0	1 0 0	0 8 0
Bitragunta	0 12 0	0 12 0	0 6 0
Gattupalli	..	1 0 0	0 8 0
Kothapalli	1 0 0	1 0 0	0 8 0
Lingaraju agraharam	..	1 0 0	0 8 0
Budamgunta	..	1 0 0	..
Kavali	0 12 0	0 8 0	0 4 0

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A P.	RS. A. P.	RS. A. P.
Nellore—cont.						
Zammalapalem	–	1 0 0	0 8 0			
Siripuram	1 0 0	1 0 0	0 5 0			
Rudrakota	..	0 12 0	0 4 0			
Tummalapenta	0 10 0	0 10 0	0 4 0			
Zakkepallegudur	..	0 12 0	..	No change.		
Dagadarthi	..	0 12 0	..			
Kothapalli Kanaragunta	1 8 0	0 12 0	0 6 0			
Marripad	..	0 12 0	0 6 0			
Turimerla	1 8 0	0 12 0	0 6 0			
Talamanchi } Kammapalem }	1 8 0	0 12 0	0 6 0			
Sangam	1 8 0	0 12 0	0 6 0			
Vovveru	1 8 0	0 12 0	0 6 0			
Batrakagollu	..	0 12 0	0 6 0			
Ammavaripalem	..	0 12 0	0 6 0			
Anantasagaram	..	1 0 0	0 8 0			
Baddevolu	1 8 0	0 12 0	0 6 0			
Bommavaram	1 8 0	1 0 0	0 6 0			
Boyilachiruvella	..	1 0 0	0 5 0			
Chejerla	..	0 12 0	0 6 0			
Dubagunta	..	1 0 0	0 5 0			
Gowavaram	1 8 0	1 0 0	0 5 0			
Gudipad	..	1 0 0	0 5 0			
Kakivoya	..	1 0 0	0 8 0			
Kaluvoya	1 8 0	0 12 0	0 6 0			
Kothapalli	..	1 0 0	0 5 0			
Kotitheertham	..	0 12 0	0 6 0			
Minagalu	..	1 0 0	0 5 0			
Pedda Annalur	..	1 0 0	0 5 0			

Perumana	..	..	..	0 14 0	..			
Pongur	..	..	..	1 0 0	0 5 0			
Ponugodu	..	..	..	1 0 0	0 5 0			
Rajavolu	..	..	..	1 0 0	0 5 0			
Ramaswamipalli	..	..	..	1 0 0	0 5 0			
Sreekotanu	..	..	..	0 12 0	0 6 0			
Vengampalle	..	..	..	1 0 0	0 5 0			
Varikuntapad	..	..	..	0 12 0	0 6 0			
Vasili Babul tope	..	..	0 3 0	0 2 0	0 1 0			
Vengalayakalem	..	..	1 0 0	1 0 0	0 4 0			
Hanumantunipad	..	..	..	1 0 0	0 4 0	..	0 8 0	..
Hajipuram	..	..	1 8 0	1 0 0	0 4 0			
Raviguntapalli	..	..	1 0 0	1 0 0	0 4 0	No change.		
Reddigaripalli	..	..	..	1 0 0	0 4 0			
Pedacherlapalli	..	..	..	1 0 0	0 4 0			
Kanigiri	..	..	..	0 12 0	0 3 6	..	0 6 0	..
Chenchureddipalle	..	..	1 0 0	1 0 0	0 4 0			
Naramarella	..	..	..	1 0 0	0 4 0			
Ayyavaripalle	..	..	1 0 0	1 0 0	0 4 0	No change.		
Inimerla	..	..	..	1 0 0	0 4 0			
Timmareddipalli	..	..	0 8 0	0 4 0	0 2 0			
Peda Irlapad	..	..	1 0 0	0 8 0	0 4 0			
Guntur.								
Chimakurthi	..	..	..	0 8 0	0 4 0	No change.		
Karlapalem	..	..	0 12 0	0 8 0	0 4 0	..	0 4 0	..
Pittalavaripalem	..	..	0 5 0	0 5 0	0 2 0	No change.		
Motupalli	..	..	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Vadarevu	..	..	1 0 0	0 8 0	0 4 0			
Pullaripalem	..	..	1 8 0	0 12 0	0 4 0			
Perecherla	..	..	1 0 0	0 8 0	0 4 0			
Enamadala	..	..	1 0 0	0 8 0	0 4 0	No change.		
Chowdavaram	..	..	1 0 0	0 8 0	0 4 0			
Undavalli	..	..	1 0 0	0 8 0	0 4 0			
Mangalagiri	..	..	1 0 0	0 8 0	0 4 0			
New Nidumukkala	..	..	0 8 0	0 6 0	0 3 0			
Lemalle	..	..	0 8 0	0 6 0	0 3 0			

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees, till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffaloes. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Guntur—cont.						
Pedamaddur	0 8 0	0 6 0	0 3 0			
Kamepalle	1 0 0	0 8 0	0 4 0			
Kubadpuram	1 0 0	0 8 0	0 4 0			
Nemalipuri	1 0 0	0 8 0	0 4 0			
Kandipadu	1 0 0	0 12 0	0 4 0			
Dodleru	1 0 0	0 8 0	0 4 0			
Gundlapalli	..	0 8 0	0 4 0			
New Guttikonda..	1 0 0	0 8 0	0 4 0			
New Rajupalem	1 0 0	0 8 0	0 4 0			
Bellamkonda	1 0 0	0 8 0	0 4 0			
Inumetla	1 0 0	0 8 0	0 4 0			
Guravayipalem	..	0 8 0	0 4 0			
Nagarajupalli	..	0 8 0	0 4 0			
Uppamagalur	..	0 8 0	0 4 0			
Vankayalapad	..	0 8 0	0 4 0	No change.		
Kondavidu	1 0 0	0 8 0	0 4 0			
Mukteswaram	..	0 8 0	0 4 0			
Gorrepadu	..	0 8 0	0 4 0			
Kopparam	1 0 0	0 8 0	0 4 0			
Kondurru	..	0 8 0	0 4 0			
Nekarikal	1 0 0	0 8 0	0 4 0			
Kondramutla	1 0 0	0 8 0	0 4 0			
Murth japuram	1 0 0	0 8 0	0 4 0			
Pamidipadu	..	0 8 0	0 4 0			
Newkottapalem	..	0 8 0	0 4 0			
Agnigundala (Vinukonda block) ..	1 0 0	0 8 0	0 4 0			
Agnikondala(Guttikonda).. ..	1 0 0	0 8 0	0 4 0			
Muppalla	..	0 8 0	0 4 0			
New Mupparazawaripalem ..	1 0 0	0 8 0	0 4 0			

Tangeda	..	..	..	1 0 0	0 8 0	0 4 0				
Madugula	..	..	..	..	0 8 0	0 4 0				
					Bull 1-0-0					
Daida	..	..	..	..	0 8 0	0 4 0				
Gamalapad	..	..	..	1 0 0	0 8 0	0 4 0				
New Vamavaram		..	..	1 0 0	0 8 0	0 4 0				
Regulagadda	..	..	..	1 0 0	0 8 0	0 4 0				
New Piduguralla		..	..	1 0 0	1 0 0	0 4 0				
Konanki	..	..	..	1 0 0	0 8 0	0 4 0				
Pillutla	..	..	..	1 0 0	0 8 0	0 4 0				
New Madinapad		..	..	1 0 0	0 8 0	0 4 0				
Madinapad	..	..	..	1 0 0	0 8 0	0 4 0				
Macherla	..	..	..	..	0 8 0	0 4 0				
Kottapalli	..	..	..	1 0 0	0 8 0	0 4 0				
Mandadi	..	..	..	1 0 0	0 8 0	0 4 0				
					Bull 0-12-0					
Veldurthi	..	..	..	1 0 0	0 8 0	0 4 0				
Gundlapad	..	..	..	1 0 0	0 8 0	0 4 0				
Durgi	..	..	..	..	0 8 0	0 4 0				
					Bull 1-0-0					
Gambhampad	..	..	..	..	0 12 0	0 6 0				
Jettipalam	..	..	..	..	0 8 0	0 4 0				
Trichinopoly.										
Ayyanarpalayam		..	..	1 2 0	0 9 0	0 4 6	No change.			
V. Kalathur	..	..	..	1 2 0	0 9 0	0 4 6				
Venbavur	..	..	..	1 2 0	0 9 0	0 4 6				
Kariyanur	..	..	..	1 2 0	0 9 0	0 4 6				
Kurumbalur	..	..	..	1 2 0	0 9 0	0 4 6				
Namaiyur	..	..	..	1 2 0	0 9 0	0 4 6				
Narunamangalam		..	..	1 2 0	0 9 0	0 4 6				
Periyavadagarai	..	..	..	1 2 0	0 9 0	0 4 6				
Perali	..	..	..	1 2 0	0 9 0	0 4 6				
Chatiramanai	..	..	..	1 2 0	0 9 0	0 4 6				
Siruvachur	..	..	..	1 2 0	0 9 0	0 4 6				
Tiruppayar	..	..	..	1 2 0	0 9 0	0 4 6		0 9 0	0 4 6	0 2 3

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)			Cow. (3)			Sheep. (4)			Present rate. Buffalo. (5)			Cow. (6)			Sheep. (7)		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Trichinopoly—cont.																		
Velur	1	2	0	0	9	0	0	4	6									
Veppanthattai	1	2	0	0	9	0	0	4	6									
Sithali	1	2	0	0	9	0	0	4	6									
Kilapuliyur	1	2	0	0	9	0	0	4	6									
Vilangudi	1	2	0	0	9	0	0	4	6									
Alooi-Kilnatham	1	2	0	0	9	0	0	4	6									
Kanguli	1	2	0	0	9	0	0	4	6									
Mudukulam	1	2	0	0	9	0	0	4	6									
Periyavalayam	1	2	0	0	9	0	0	4	6									
Sathambadi	1	2	0	0	9	0	0	4	6									
Siluvacheri	1	2	0	0	9	0	0	4	6									
Thathanur	1	2	0	0	9	0	0	4	6									
Thirukonam	1	2	0	0	9	0	0	4	6									
Ulliyakudi	1	2	0	0	9	0	0	4	6									
Vettiyarvettu	1	2	0	0	9	0	0	4	6									
Mavilipatti	1	2	0	0	9	0	0	4	6	No change.								
Ponnusangampatti	1	2	0	0	9	0	0	4	6									
Pulivalam	1	2	0	0	9	0	0	4	6									
Kurichimalai	1	2	0	0	9	0	0	4	6									
Viramachampatti	1	2	0	0	9	0	0	4	6									
Naduvalur	1	2	0	0	9	0	0	4	6									
Kottathur	1	2	0	0	9	0	0	4	6									
Vellakkalpatti	1	2	0	0	9	0	0	4	6									
Thinnanur	1	2	0	0	9	0	0	4	6									
Edumalai	1	2	0	0	9	0	0	4	6									
Maramareddipalayam	1	2	0	0	9	0	0	4	6									
Nedungur	1	2	0	0	9	0	0	4	6									
Thachankurichi	1	2	0	0	9	0	0	4	6									
Omandur	1	2	0	0	9	0	0	4	6									
Muniyankurichi	1	2	0	0	9	0	0	4	6									
Thumanur	1	2	0	0	9	0	0	4	6									

Edumalai						
Maramareddipalaiyam						
Nedungur						
Thachankurichi	1 2 0	0 9 0	0 4 6	..	..	..
Omandur						
Maniyankurichi						
Chingleput.						
Kattugudalur	1 4 0	0 10 0	0 5 0			
Gudalur A	1 8 0	0 12 0	0 6 0			
Gudalur B	1 8 0	0 12 0	0 6 0			
Kolialam	1 8 0	0 12 0	0 6 0			
Kodamalaputtur	1 8 0	0 12 0	0 6 0	*No change.*		
Kallabiranpuram	1 12 0	0 14 0	0 7 0			
Meyyur	1 0 0	0 8 0	0 4 0			
Anjur	1 8 0	0 12 0	0 6 0			
Gudalur	1 8 0	0 12 0	0 6 0			
Illalur	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Kayar	1 8 0	0 12 0	0 6 0			
Kumili	1 8 0	0 12 0	0 6 0			
Madayathur	1 8 0	0 12 0	0 6 0			
Mambakkam	1 8 0	0 12 0	0 6 0			
Manamattu	1 8 0	0 12 0	0 6 0			
Nenmeli	1 8 0	0 12 0	0 6 0			
Oragadam	1 8 0	0 12 0	0 6 0			
Paranur	1 8 0	0 12 0	0 6 0			
Salur	1 8 0	0 12 0	0 6 0			
Sembakkam	1 8 0	0 12 0	0 6 0			
Sonallur	1 8 0	0 12 0	0 6 0	No change.		
Tirukalikundram	1 8 0	0 12 0	0 6 0			
Tirumani	1 8 0	0 12 0	0 6 0			
Tirutheri	1 8 0	0 12 0	0 6 0			
Unamanjeri	1 8 0	0 12 0	0 6 0			
Vallam	1 8 0	0 12 0	0 6 0			
Vandalur	1 8 0	0 12 0	0 6 0			
Sirukunram	1 2 0	0 9 0	0 4 6			
Hanumanthaputheri	1 10 0	0 13 0	0 6 6			
Appur	1 4 0	0 10 0	0 5 0			
Marudam	1 0 0	0 8 0	0 4 0			
Perungoli	1 4 0	0 10 0	0 5 0			

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Chingleput—cont.						
Edamichi	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Koilpadagai	1 8 0	0 12 0	0 6 0	No change.		
Maduraipakkam	1 8 0	0 12 0	0 6 0			
Mittanamalli	1 8 0	0 12 0	0 6 0			
Perumbakkam	1 8 0	0 12 0	0 6 0			
Tambaram	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Tirumallavoyal	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Vadakkupattu	1 8 0	0 12 0	0 6 0			
Mannur	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Vettambakkam	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Nallur	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Meyyur	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Maganiam	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Pudupair	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Thandarai	1 8 0	0 12 0	0 6 0	No change.		
Kavanur	1 8 0	0 12 0	0 6 0			
Siruvanjur	1 8 0	0 12 0	0 6 0			
Pulrambakkam	2 0 0	1 0 0	0 8 0			
Palavakam	1 8 0	0 12 0	0 6 0			
Venbedu	1 8 0	0 12 0	0 6 0			
Pallicuppam	1 8 0	0 12 0	0 6 0			
Mailapore	1 4 0	0 10 0	0 5 0			
Senjiagaram	1 4 0	0 10 0	0 5 0			
Nayapallam	1 2 0	0 9 0	0 4 6			
Kollanur	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Nemalur	1 8 0	0 12 0	0 6 0	No change.		
Mukkarambakkam	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0

Santhavelur	1 8 0	0 12 0	0 6 0	No change.		
Alamadhi	1 8 0	0 12 0	0 6 0			
Irugulam	1 8 0	0 12 0	0 6 0			
Masali	1 8 0	0 12 0	0 6 0			
Erumaivettipalaiyam	1 8 0	0 12 0	0 6 0	1 0 0	0 8 0	0 4 0
Nanmangalam	1 12 0	0 14 0	0 7 0			
Rajapalaiyam	1 8 0	0 12 0	0 6 0			
Kattukolathur	1 8 0	0 12 0	0 6 0			
Chittoor.						
Bandarlapalli	0 12 0	0 6 0	0 3 0	No change.		
Bodaguttapalli	0 12 0	0 6 0	0 3 0			
Dakshinapathapoliem	0 12 0	0 6 0	0 3 0			
Cheelapalli	0 12 0	0 6 0	0 3 0			
Chinnamareddikandigai	0 12 0	0 6 0	0 3 0			
Chintapenta	0 12 0	0 6 0	0 3 0			
Chitrapara	0 12 0	0 6 0	0 3 0			
Gandlapalle	0 12 0	0 6 0	0 3 0			
Gudipala	0 12 0	0 6 0	0 3 0			
Gundlapalle	0 12 0	0 6 0	0 3 0			
Irala	0 12 0	0 6 0	0 3 0			
Keenatipalli	0 12 0	0 6 0	0 3 0			
Mahimandalam	0 12 0	0 6 0	0 3 0			
Nampalle	0 12 0	0 6 0	0 3 0			
Nangamangalam	0 12 0	0 6 0	0 3 0			
Kalepalle..	0 12 0	0 6 0	0 3 0			
Panatoor..	0 12 0	0 6 0	0 3 0			
Paradarami	0 12 0	0 6 0	0 3 0			
Patnam	0 12 0	0 6 0	0 3 0			
Penumur..	0 12 0	0 6 0	0 3 0			
Polavaram	0 12 0	0 6 0	0 3 0			
Puthalpet	0 12 0	0 6 0	0 3 0			
Putramaddi	0 12 0	0 6 0	0 3 0			
Reddigunta	0 12 0	0 6 0	0 3 0			
Tavanampalle	0 12 0	0 6 0	0 3 0			
Veerisettipalli	0 12 0	0 6 0	0 3 0	0 8 0	0 4 0	0 2 0
Viludonipoliem	0 12 0	0 6 6	0 3 0	No change.		
Alapalle	0 12 0	0 6 0	0 3 0	0 6 0	0 3 0	0 1 6
Kammanapalle	0 12 0	0 6 0	0 3 0			

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2) RS. A. P.	Cow. (3) RS. A. P.	Sheep. (4) RS. A. P.	Present rate. Buffalo. (5) RS. A. P.	Cow. (6) RS. A. P.	Sheep. (7) RS. A. P.
Chittoor—cont.						
Samarajupalle	0 12 0	0 6 0	0 3 0	0 6 0	0 3 0	0 1 6
Samudrapalle	0 12 0	0 6 0	0 3 0			
Thondavada	0 12 0	0 6 0	0 3 0			
Pakala	0 12 0	0 6 0	0 3 0			
Damalcheruvu	0 12 0	0 6 0	0 3 0			
Padipatlabylu	0 12 0	0 6 0	0 3 0			
Bandrevu	1 0 0	0 8 0	0 4 0			
Chinnatippasamudram	0 12 0	0 6 0	0 3 0			
Devalcheruvu	1 0 0	0 8 0	0 4 0			
Gangireddipalle	0 12 0	0 6 0	0 3 0			
Gollapalle	0 12 0	0 6 0	0 3 0			
Gopidinne	0 12 0	0 6 0	0 3 0			
Kalicherla	0 12 0	0 6 0	0 3 0			
Maddireddigaripalle	0 12 0	0 6 0	0 3 0			
Matlivaripalle	0 12 0	0 6 0	0 3 0			
Musalikunta	1 0 0	0 8 0	0 4 0	No change.		
Papepalle	0 12 0	0 6 0	0 3 0			
Peddamandiem	0 12 0	0 6 0	0 3 0			
Peddapoliem	0 12 0	0 6 0	0 3 0			
Sivapuram	1 0 0	0 8 0	0 4 0			
Rangasamudram	0 12 0	0 6 0	0 3 0			
Thamballapalle	0 12 0	0 6 0	0 3 0			
Veligallu	0 12 0	0 6 0	0 3 0			
Kothavaripalli	0 12 0	0 6 0	0 3 0			
Sompalle	0 12 0	0 6 0	0 3 0			
Noothanakalva	0 12 0	0 6 0	0 3 0			
Mellacheruvu	0 12 0	0 6 0	0 3 0			
Kambamvaripalle	0 12 0	0 6 0	0 3 0			
Guttapaliem	0 12 0	0 6 0	0 3 0			
Marella	0 12 0	0 6 0	0 3 0			

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Marripad	0 12 0	0 6 0	0 3 0		
Reddivaripalle	0 12 0	0 6 0	0 3 0		
Buruzupalle	0 12 0	0 6 0	0 3 0		
Pasalavandlupalle	0 12 0	0 6 0	0 3 0		
Nadimcherla	0 12 0	0 6 0	0 3 0		
Goramkonda	0 12 0	0 6 0	0 3 0	No change.	
Gornatlapalle	0 12 0	0 6 0	0 3 0		
Nayanicheruvupalle	0 12 0	0 6 0	0 3 0		
Vagalla	0 12 0	0 6 0	0 3 0		
Vayalpad	0 12 0	0 6 0	0 3 0		
Vepulabylu	0 12 0	0 6 0	0 3 0		
Talupula	0 12 0	0 6 0	0 3 0		0 6 0 · 0 3 0 · 0 1 6
Sanambatla	0 12 0	0 6 0	0 3 0		
Bellary.					
Guddadahsalli	0 10 0	0 5 0	0 2 6		
Isiri	0 10 0	0 5 0	0 2 6		
Dibbanakal	0 12 0	0 6 0	0 3 0		
Bellekal	0 10 0	0 5 0	0 2 6		
Halvi	1 0 0	0 8 0	0 4 0		
Kotekal	0 12 0	0 6 0	0 3 0		
Kachapauram	0 12 0	0 6 0	0 3 0		
Adoni Municipality	1 0 0	0 8 0	0 4 0		
Banavasi	0 12 0	0 6 0	0 3 0		
Kadimetla	0 12 0	0 6 0	0 3 0		
Bolagota	0 12 0	0 6 0	0 3 0		
Arikera	0 12 0	0 6 0	0 3 0	No change.	
Neraniki	0 12 0	0 6 0	0 3 0		
Yellarthi	0 12 0	0 6 0	0 3 0		
Suluvoy	0 12 0	0 6 0	0 3 0		
Mincheri	0 12 0	0 6 0	0 3 0		
Vadrahonnur	0 8 0	0 4 0	0 2 0		
Halukundi	0 12 0	0 6 0	0 3 0		
H. Siddapuram	0 12 0	0 6 0	0 3 0		
Nemakal	0 12 0	0 6 0	0 3 0		
Hirehal	0 12 0	0 6 0	0 3 0		
Rathibhavivanka	0 12 0	0 6 0	0 3 0		
Mailapuram	0 12 0	0 6 0	0 3 0		

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2) RS. A. P.	Cow. (3) RS. A. P.	Sheep. (4) RS. A. P.	Present rate. Buffalo. (5) RS. A. P.	Cow. (6) RS. A. P.	Sheep. (7) RS. A. P.
Bellary—cont.						
Gollapalli	0 12 0	0 6 0	0 3 0	No change.		
Rayadrug	0 12 0	0 6 0	0 3 0			
T. Veerapuram	0 8 0	0 4 0	0 2 0			
Konthanapalli	0 12 0	0 6 0	0 3 0			
Hospet	0 12 0	0 6 0	0 3 0	0 6 0	0 3 0	0 1 6
Ingaligi	0 12 0	0 6 0	0 3 0	No change.		
Papinayakanahalli	0 12 0	0 6 0	0 3 0			
Dharmasagar	0 12 0	0 6 0	0 3 0			
Godiganur	0 8 0	0 4 0	0 2 0			
Tornagal	0 12 0	0 6 0	0 3 0			
Joga	0 12 0	0 6 0	0 3 0			
Daroji	0 12 0	0 6 0	0 3 0			
Kamalapur	0 12 0	0 6 0	0 3 0			
Venkatapur	0 12 0	0 6 0	0 3 0			
K. Timmapur	0 12 0	0 6 0	0 3 0			
Upparahalli	0 12 0	0 6 0	0 3 0			
Ubba'agandi	0 12 0	0 6 0	0 3 0			
Malapur	0 12 0	0 6 0	0 3 0			
Vittapur	0 12 0	0 6 0	0 3 0			
Chikkantapur	0 12 0	0 6 0	0 3 0			
Metriki	0 12 0	0 6 0	0 3 0			
Arasnahal	0 10 0	0 5 0	0 2 6			
Nagathibasapuram	0 12 0	0 6 0	0 3 0			
Kanvihalli	0 10 0	0 5 0	0 2 6			
Kadathi	0 12 0	0 6 0	0 3 0			
Thogarikatti	0 10 0	0 5 0	0 2 6			
Alagilawada	0 10 0	0 5 0	0 2 6			
Bendigiri	0 8 0	0 4 0	0 2 0			
Kyarakatti	0 8 0	0 4 0	0 2 0			

Halavagal	..	..	0 10 0	0 5 0	0 2 6	
Chigateri	..	..	0 10 0	0 5 0	0 2 6	
Nichavvanahalli	..	..	0 8 0	0 4 0	0 2 0	
Kanchegiri	..	..	0 8 0	0 4 0	0 2 0	
M. Kallahalli	..	..	0 10 0	0 5 0	0 2 6	
Nichapur	..	..	0 8 0	0 4 0	0 2 0	
Uchangidrug	..	..	0 10 0	0 5 0	0 2 6	
Hyarada	..	..	0 10 0	0 5 0	0 2 6	
Kalikatti	..	..	0 12 0	0 6 0	0 3 0	
Harkanahal	..	..	0 10 0	0 5 0	0 2 6	
Adivimallanakeri	..	..	0 8 0	0 4 0	0 2 0	
Dasanahalli	..	..	0 10 0	0 5 0	0 2 6	
Hulagapuram	..	..	0 12 0	0 6 0	0 3 0	0 6 0 0 3 0 0 1 6
Chintrapalli	..	..	0 12 0	0 6 0	0 3 0	
Koilaragahatta	..	...	0 12 0	0 6 0	0 3 0	
Hirehagadli	..	..	0 12 0	0 6 0	0 3 0	
Sogi ..	..	..	0 12 0	0 6 0	0 3 0	
Bennikal	..	..	0 12 0	0 6 0	0 3 0	
Boppalapuram	..	..	0 12 0	0 6 0	0 3 0	
Kottur	..	..	0 12 0	0 6 0	0 3 0	
Ghajapuram	..	..	0 12 0	0 6 0	0 3 0	
Chiribi	..	..	0 12 0	0 6 0	0 3 0	
Sunkadakal	..	..	0 8 0	0 4 0	0 2 0	
Sooladahalli	..	..	0 8 0	0 4 0	0 2 0	
Mangapuram	..	..	0 8 0	0 4 0	0 2 0	
Nimbalageri	..	..	0 8 0	0 4 0	0 2 0	No change.
Benvikal	..	..	0 12 0	0 6 0	0 3 0	
Hosahalli	..	..	0 12 0	0 6 0	0 3 0	
Chikkobanahalli	..	..	0 12 0	0 6 0	0 3 0	
Gundumunugu	..	..	0 12 0	0 6 0	0 3 0	
Jummobanahalli	..	..	0 12 0	0 6 0	0 3 0	
Hulikunta	..	..	0 12 0	0 6 0	0 3 0	
Chornur	..	..	0 12 0	0 6 0	0 3 0	
Gudekota No. I	..	..	0 12 0	0 6 0	0 3 0	
" No. II	..	..	0 12 0	0 6 0	0 3 0	
Ramadurgam	..	..	0 12 0	0 6 0	0 3 0	
Shidegal	..	..	0 12 0	0 6 0	0 3 0	
Appayanahalli	..	..	0 12 0	0 6 0	0 3 0	
Sheliappanahalli	..	..	0 12 0	0 6 0	0 3 0	

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Bellary—cont.						
Gollalingaramanahalli	0 12 0	0 6 0	0 3 0	No change.		
Kakuppi	0 12 0	0 6 0	0 3 0	No change.		
Soovenahalli	0 12 0	0 6 0	0 3 0	No change.		
Keriaginahalli	0 12 0	0 6 0	0 3 0	0 6 0	0 3 0	0 1 6
North Arcot.						
Kilkolathur	1 0 0	0 8 0	0 4 0	No change.		
Korandigudi	1 0 0	0 8 0	0 4 0	No change.		
Agaram	1 0 0	0 8 0	0 4 0	No change.		
Adiyathur	1 0 0	0 8 0	0 4 0	No change.		
Selmanatham	1 0 0	0 8 0	0 4 0	No change.		
Unal	1 0 0	0 8 0	0 4 0	No change.		
Othiyathur	1 0 0	0 8 0	0 4 0	No change.		
Kilachur	1 0 0	0 8 0	0 4 0	No change.		
Munjurpet	1 0 0	0 8 0	0 4 0	No change.		
Vallam	1 0 0	0 8 0	0 4 0	No change.		
Palamadi	1 0 0	0 8 0	0 4 0	No change.		
Mothupalayam	1 0 0	0 8 0	0 4 0	No change.		
Narayanakuppanroyandapuram ..	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Chinniampettai	1 0 0	0 8 0	0 4 0	No change.		
Narasinganallur	1 0 0	0 8 0	0 4 0	No change.		
Veeranandal	1 0 0	0 8 0	0 4 0	No change.		
Kariamangalam	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Melchengam	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Melpadur	1 0 0	0 8 0	0 4 0			
Kilvannambady	1 0 0	0 8 0	0 4 0			
Eriyur	1 0 0	0 8 0	0 4 0			
Melkauppur	1 0 0	0 8 0	0 4 0			
Vadamathur	1 0 0	0 8 0	0 4 0			
Melpulidiyur	1 0 0	0 8 0	0 4 0			
Gudalore	1 0 0	0 8 0	0 4 0			

Muthanore	..	..	..	1 0 0	0 8 0	0 4 0		
Radhapuram	..	..	..	1 0 0	0 8 0	0 4 0		
Pachal	..	..	..	1 0 0	0 8 0	0 4 0		
Kuthadi	..	..	..	1 0 0	0 8 0	0 4 0		
Vandanthangal	..	..	..	1 0 0	0 8 0	0 4 0		
Karasamangalam		..	..	1 0 0	0 8 0	0 4 0		
Chengi	..	..	..	1 0 0	0 8 0	0 4 0	No change.	
Kalambat	..	..	..	1 0 0	0 8 0	0 4 0		
Malayambat	..	..	..	1 0 0	0 8 0	0 4 0		
Melkoil	..	..	..	1 0 0	0 8 0	0 4 0		
Kanguppam	..	..	..	1 0 0	0 8 0	0 4 0		
Nagal	..	..	..	1 0 0	0 8 0	0 4 0		
Nallapadi	..	..	..	1 0 0	0 8 0	0 4 0		
Chendathur	..	..	..	1 0 0	0 8 0	0 4 0		
Narkoor	..	..	..	1 0 0	0 8 0	0 4 0		
Pallalakuppam	..	..	..	1 0 0	0 8 0	0 4 0		
Togalur	..	..	..	1 0 0	0 8 0	0 4 0		
Thothinanathur	..	..	..	1 0 0	0 8 0	0 4 0		
Balur ..	..	..	..	1 0 0	0 8 0	0 4 0		
Vellakuttar	..	..	..	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0 0 2 0
Nandiyalam	..	..	..	1 0 0	0 8 0	0 4 0		
Timmanacherikuppam		..	..	1 0 0	0 8 0	0 4 0		
Vorathur	..	..	..	1 0 0	0 8 0	0 4 0		
Pungunam	..	..	..	1 0 0	0 8 0	0 4 0		
Ayilam	..	..	..	1 0 0	0 8 0	0 4 0		
Sennaleri	..	..	..	1 0 0	0 8 0	0 4 0		
Kuppam	..	..	..	1 0 0	0 8 0	0 4 0		
Jambaholam	..	..	..	1 0 0	0 8 0	0 4 0		
Ammanur	..	..	..	1 0 0	0 8 0	0 4 0		
Ammanur (Arkonam)		..	..	6 0 0	3 0 0	..		
Ur yur	..	..	..	1 0 0	0 8 0	0 4 0	No change.	
Velur	..	..	..	1 0 0	0 8 0	0 4 0		
Adaiyanur	..	..	..	1 0 0	0 8 0	0 4 0		
Annamalai	..	..	..	1 0 0	0 8 0	0 4 0		
Nathampundi	..	..	..	1 0 0	0 8 0	0 4 0		
Kilnathur	..	..	..	1 0 0	0 8 0	0 4 0		
Maruthuvambady		..	..	1 0 0	0 8 0	0 4 0		
Wariaputhur	..	..	..	1 0 0	0 8 0	0 4 0		
Panaiyur	..	..	..	1 0 0	0 8 0	0 4 0		
Perumanam	..	..	..	1 0 0	0 8 0	0 4 0		
Sellankuppam	..	..	..	1 0 0	0 8 0	0 4 0		
Sirakolathur	..	..	..	1 0 0	0 8 0	0 4 0		

Statement showing the grazing rates in the panchayat forests in the Presidency—*cont.*

Panchayat. (1)	Rates of grazing fees till 1938. Buffalo. (2)	Cow. (3)	Sheep. (4)	Present rate. Buffalo. (5)	Cow. (6)	Sheep. (7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
North Arcot—cont.						
Udirampoondi	1 0 0	0 8 0	0 4 0	No change.		
Vettavalam	1 0 0	0 8 0	0 4 0	No change.		
Kadaladi	1 0 0	0 8 0	0 4 0	No change.		
Mattudittu	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Thenmadimangalam	1 0 0	0 8 0	0 4 0	No change.		
Padagam	1 0 0	0 8 0	0 4 0	No change.		
Punubekkam	1 0 0	0 8 0	0 4 0	No change.		
Allidamangalam	1 0 0	0 8 0	0 4 0	No change.		
Seyyanandal	1 0 0	0 8 0	0 4 0	No change.		
Ettivadi	1 0 0	0 8 0	0 4 0	No change.		
Tholuvapushpagiri	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Padavedu	1 0 0	0 8 0	0 4 0	0 8 0	0 4 0	0 2 0
Pullavakkam	1 0 0	0 8 0	0 4 0	No change.		
Meranam	1 0 0	0 8 0	0 4 0	No change.		
Tendappanthangal	1 0 0	0 8 0	0 4 0	No change.		
Enadavadi	1 0 0	0 8 0	0 4 0	No change.		
Ponnur	1 0 0	0 8 0	0 4 0	No change.		
Vengunam	1 0 0	0 8 0	0 4 0	No change.		
Badur	1 0 0	0 8 0	0 4 0	No change.		
Nambedu	Not permitted.	0 8 0	Not permitted.	No change.		
Visamangalam	1 0 0	0 8 0	0 4 0	No change.		
Nedugunam	1 0 0	0 8 0	0 4 0	No change.		
South Arcot.						
Cuddalore division, 2 panchayats ..	2 0 0	1 0 0	0 8 0	No change.		
Tirukoylur division, 32 panchayats.	1 0 0	0 8 0	0 4 0	No change.		
Tindivanam division, 21 panchayats.	1 0 0	0 8 0	0 4 0	No change.		
Chidambaram taluk, 1 panchayat ..	2 0 0	1 0 0	0 8 0	No change.		
Vriddhachalam taluk, 10 panchayats.	1 6 0	0 12 0	0 6 0	No change.		
One panchayat in Vriddhachalam taluk.	1 4 0	0 10 0	0 5 0	No change.		

APPENDIX V.

[*Vide* answer to starred question No. 228 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 12 supra.]

LIST OF VOLUNTARY HEALTH ASSOCIATIONS FUNCTIONING IN THE DISTRICTS OF MADRAS PRESIDENCY.

Serial number and name of district.	Name of association.	Constitution.	Object of the association.
1 Chingleput	Village Improvement Association, Adayar.	Formed by the local residents. There is a Secretary for the Association.	Improving the Rural Sanitation and bringing to the authorities the needs of the locality and doing propaganda work.
2 East Godavari ..	(1) Arogya Sanithi, Ramachandrapuram.	President, Secretaries, Treasurer, etc.	To work for the improvement of public health and sanitation. Activities confined only during Health Week celebrations.
	(2) Health Association, Pithapuram.	....	
3 West Godavari ..	(1) Taluk Leprosy Association, Bhimavaram.	President, District Munsif; Members, Officials and non-officials.	Leprosy relief. Treatment to indigent lepers twice a week and one meal on the days of the treatment and propaganda.
	(2) Village Development Committee, Elamanchi of Narsapur.	....	
4 Guntur	Seva Samithi, Bapatla	Registored Public Association	To do social service and to promote the welfare of the masses. Health propaganda work is also carried on.
5 North Arcot	(1) Church of Scotland, Arkonam (Welfare centre).	Rev. Silver, President	Rural welfare—attending to maternity cases in the centre at Arumbakkam, sick and dressing of women—of the patient.
	(2) Board High School, Voluntary Corps, Cheyyar.	An associated body affiliated to the South India Boys Scout Association.	Citizenship training and welfare work—Helping in festival, clearing of slums and propaganda work.
	(3) The National Missionary Society of India, Puram village branch, Tiruppattur taluk.	Honorary Secretary, Local Supervisor, etc.	To give relief to the sick and suffering women and children for simple ailments.
6 South Arcot ..	The South Arcot District Dhanvantri competitive Examination League.	Patrons, President, Executive Committee of nine members and General Secretary.	To give propaganda on matters of health, first aid in food and Indian drugs by leaflets and conducting examinations and awarding prizes. Just begun to function.
7 Tanjore	(1) Jana Abivirthi Sangam, Trivadi.	President, Vice-President, Secretary and Members.	To do anti-mosquito work.
	(2) Aladikkumulai Health Association, Orathnadu.	Twelve members.	Health Propaganda and village sanitation—not working now.
8 Tinnevelly	Child Welfare Association, Tenkasi.	President, Vice-President, Treasurer and Executive Committee of members both officials and non-officials.	Feeding of babies with milk and lectures on health and sanitation.
9 Trichinopoly	Young Men's Indian Association, Jiyapuram.	President, Secretary and Members ..	Rural reconstruction work and propaganda on health and welfare problem. The attention of the authorities is invited to rectify sanitary defects.
10 Health Unit area, Poonamallee.	(1) Mangadu Adi-Dravida Members Sangam.	Elected by the people	To promote health activities and to improve their social aspects.
	(2) Women's League, Mangadu..	Do.	Do.
	(3) Adi-Dravida Sangam, Melachery.	Do.	Do.
	(4) Majid of Pattu	Do.	Do.
	(5) Adi-Dravida Sangam, Chinnapancherry.	Do.	Do.
11 * Vizagapatam ..	(1) Youth League Association, Lakshminarasupeta, Chicacole taluk.	Thirty-five members in total. Seven Executive members.	For the betterment of the village and the villagers. To help the poor and the needy. To be religious and pray God.

* The Association started an adult school for panchamas and others. It is progressive, cherries and ferries cleaned every day by a sweeper, a library of about 200 books. Panchama patients treated freely by native doctors.

LIST OF VOLUNTARY HEALTH ASSOCIATIONS FUNCTIONING IN THE MUNICIPALITIES IN MADRAS PRESIDENCY.

Serial number and name of municipality.	Name of association.	Constitution.	Object of the association and tangible work done, if any.
1 Anantapur	Maternity and Child Welfare Centre, Anantapur.	By the public	Attending to labour cases and taking care of children by feeding, etc.
2 Calicut	1 Malabar Welfare Committee ..	President, Vice-President, Secretary and Treasurer and seven members.	Taking care of the expectant mothers and young children. Treatment of minor ailments.
	2 Women Indian Association (Welfare Branch).	Honorary Superintendent with an advisory body of five members.	Do. do.
3 Cannanore	Public Health Association, Cannanore.	President, Vice-President, Secretary, Joint Secretary, Treasurer and a few committee members.	To promote public health by propaganda especially during health week celebrations.
4 Chingleput *	Municipal Health Association, Chingleput.	President and about 25 ordinary members ..	To collect funds for running the Health Week.
5 Cocanada	Health Service League, Cocanada.	Constituted in 1934	To do slum clearing and help the municipal sanitary staff in public health activities.
6 Coimbatore	The Health First League, Coimbatore.	Constituted by some prominent persons of the town.	To help the citizens to improve physically and mentally towards the attainment of human perfection. To promote the health of the masses by propaganda.
7 Conjeeveram	National Health and Baby Week Association, Conjeeveram.	Chairman of the municipal town is the President of the Association, Commissioner, the Vice-President and Health Officer, the Secretary. A few leading citizens are the members of the executive committee.	For conducting Health Week celebrations.
8 Cuddapah	Maternity and Child Welfare Association, Cuddapah.	Collector, the President, Mrs. Dr. Janaki Abdul Karim as Secretary and others as members.	To conduct maternity and child welfare work.
9 Devakottah †	Health Association, Devakottah.	The Association was formed in May 1937 with leading officials and non-officials as members.	To concert health measures and improvements in the town.
10 Dharapuram	Lady Health Works' Association.	Started under the auspices of Health and Baby Week, 1937.	To take part in public health activities by lectures, talks, etc. amongst the women throughout the year.
11 Dindigul	Health and Child Welfare Association, Dindigul.	Consisting of local merchants, officials and non-officials.	To promote the health of the town in all possible ways. The association started a child welfare centre in 1928 and handed it over to the municipality after some time.
12 Gudiyattam	(1) Child Welfare Association, Gudiyattam.	Consisting of officials, non-officials, medical people and ladies as members of the managing committee.	To educate the masses on the uses of utilizing the services of qualified midwives for conducting labour cases and on the advantages of feeding infants at regular hours feeding about 12 children. Gives oil bath once a week. Propaganda pregnant women.
	(2) Municipal Vigilance Committee, Coimbatore.	Municipal councillors, teachers and medical people.	To educate the masses on Public Health, watch the health of the town and suggest remedial measures. The members of the committee meet the Public Health staff and offer suggestions off and on.
13 Hospet	The Health and Welfare Association, Hospet.	President, Vice-President, Secretary, Joint Secretary, residents of the town as members.	To promote the health of the town by improving its amenities and educating and aiding the people in such matters and conducting a bath centre for children of the poor in which daily baths are given.

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14 Karaikudi	The Karaikudi Health Association, Karaikudi.	President, Vice-President, Joint Secretaries, executive committee, etc.	To carry on health propaganda, to improve the sanitation of the town in conjunction with the municipality to celebrate health week, etc.
15 Madura	District Leprosy Council	....	
16 Masulipatam	The Health Committee, Masulipatam.	Wife of the present Collector is the President. The M.H.O. and a lady doctor are the Joint Secretaries and several officers and public are the members.	To do propaganda on public health by lectures exhibitions and arranging the H.W. celebrations and to co-operate with other similar associations in creating a public health conscience among the people.
17 Mayavaram	Anti-Mosquito Association, Mayavaram.	Vice-President, Secretary and other residents as members.	To educate the public by propaganda and to root out mosquito trouble in the town. The association was mainly responsible for the M.T. taking anti-mosquito measures.
18 Nellore	Mrs. WoodHouse Baby-Welcome Home, Kambadipalem (maintained by Red Cross).	Twenty-five members, 5 committees	To carry on Child Welfare and maternity work.
19 Ongole	Child Welfare Centre, Ongole ..	President, Vice-President and five members.	To conduct meetings regarding health subjects and lectures are given monthly.
20 Palamcottah	District Medical Association ..	Constituted by all Registered Medical Officers.	Propaganda work by arranging health exhibition at important centres.
21 Rajahmundry	Maternity and Child Welfare Association, Rajahmundry.	District Judge, as President, and the Chairman, Municipal Council, Commissioner, and M.H.O. as ex-officio members and other non-officials.	The association was started only on 1st January 1938 and a Child Welfare centre has since been opened.
22 Saidapet	The Saidapet Health Association.	Consists of 4 classes of members, patrons, life members and honorary members, President, Secretary and Treasurer and ten other members elected by the general body.	To promote the health and welfare of the people, amelioration and relief of the poor and sick—has provided a small-lying in-home running an ante-natal clinic—employs a midwife for domiciliary work and employs an honorary woman Medical Officer.
23 Tanjore	Health Association, Tanjore ..	Ex-officio Executive Committee Members, patrons, and life members and elected members.	To educate the people on public health to investigate special problems in regard to Public Health such as Beggar Nuisance and to devise ways and means of dealing with them.
24 Trichinopoly	(1) The Trichinopoly District Health Association including the Ladies Committee.	A President, Vice-President, and two Secretaries elected from among the governing body and governing body elected by the members (President, Vice-President and Secretary elected).	To carry on propaganda on health and sanitation. *Ladies Committee.*—To educate the poor people in cheries, free distribution of milk to babies and expectant mothers—visiting the markets and trying to improve their conditions.
	(2) Bharathi Sahodari Sangam, Trichinopoly.	President and Secretary elected from among members.	The sangam maintains two Baby Welcome Homes, giving bath and ragi ganjee to the deserving infants assembled at the centres. Members of the sangam are visiting cheries to carry on health propaganda work.
25 Virudunagar	Health Association, Virudunagar.	President, Vice-President, two Joint Secretaries and a treasurer, members both officials and non-officials.	To educate the public in regard to Public Health by propaganda. Periodical lectures are conducted in different parts of the town. Leaflets regarding the cause and prevention of diseases are printed and distributed to the public.

LIST OF VOLUNTARY HEALTH ASSOCIATIONS FUNCTIONING IN THE MUNICIPALITIES IN MADRAS PRESIDENCY—*cont.*

Serial number and name of municipality.	Name of association.	Constitution.	Object of the association and tangible work done, if any.
26 Vizagapatam	Health, Maternity and Child Welfare, Vizagapatam.	A President, Vice-President, a Treasurer and a Secretary and patrons, two committees.	Health propaganda which is concentrated at the Health Museum at the Municipal office intended for the education of school children. All elementary school children are brought in batches on Saturday afternoons to the Museum and they are taught by the Sanitary Inspectors and teachers. A cinema show is also given after going round the museum and a Maternity and Child Welfare Centre is going to be organized very soon.
27 Madras	(1) The National Health Association of *Southern India*, Royapetta, Madras. (2) Health Propaganda Board, Madras.	The Patron and President, Chairman, Vice-*Chairman, an Honorary Secretary and* Treasurer, Executive Committee. Chairman, Members and Honorary Secretary and Treasurer.	To conduct an organized and continuous educative propaganda amongst the masses in the general principles and practice of personal and public health and sanitation in order to awaken the sanitary conscience of the community. The Health Propaganda Board was constituted for the purpose *of stimulating* and promoting an interest in and a knowledge of all matters connected with the general and personal health of the population of Southern India, the encouragement of sanitary and hygienic habits amongst all classes of the people, etc., for the diffusion of information concerning epidemics and the means of combating them and for such other objects cognate to the promotion of public health as may be decided upon by the Board.
28 Tiruppattur M.T. ..	The Tiruppattur Maternity and *Child Welfare Centre.*	Managing Committee has been constituted *with one of the lady members to supervise* the work.	To promote health and welfare of the children.

* The Association is not functioning at present.
† The municipality was constituted in April 1937 and an association was started in May 1937.

APPENDIX VI.

[Vide answer to starred question No. 230 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 13 supra.]

Name of the Administration Report for 1937-38 placed at the disposal of the Press and made available to the members of the Legislature in January and February 1939. (1)	Date on which it was due in Department of the Secretariat and period covered by the report. (2)	Date on which it was received in the department concerned. (3)	Cause of the delay in receipt, if there is any. (4)	Date of publication. (5)	Cause of delay in publication, if there is any. (6)
1 Civil and Criminal Courts Statistics.	15th October 1938 (1937 calendar year).	15th October 1938.	No delay	3rd January 1939.	No delay. Orders were issued on 5th November 1938. The period from then to 3rd January 1939 was taken up with the checking and printing of a large mass of statistics.
2 Part I—Public Works Department Administration Report.	5th October 1938 (1937–38 official year).	1st November 1938.	Due to strike in the Government Press and delay in receipt of statements from the presidents of district boards.	14th February 1939.	Copies of expenditure diagrams in colours were awaited by the Superintendent, Government Press, from the office of the Director of Survey.
3 Administration Report relating to the Settlement of Land Revenue (Jamabandi) for fasli 1347.	31st December 1938 (from 1st July 1937 to 30th June 1938 fasli year).	29th December 1938.	No delay	15th February 1939.	No delay. The due date of publication was 15th February 1939. Within the period from the 1st January to 15th February 1939 the report had to be scrutinized in detail and printed.
4 Agricultural Department.	31st July 1938 (official year).	10th August 1938.	No delay	3rd January 1939.	The Superintendent, Government Press, took 51 days for publication.
5 Administration Report of the Forest Panchayat, 1937–38.	1st October 1938 (from 1st July 1937 to 30th June 1938).	19th October 1938.	19 days delay. It was due to late receipt from one Collector.	3rd February 1939.	The delay in publication was due to printing. *Instead of 20 days* allowed to the Press for publication, 44 days were taken by it.

Name of the Administration Report for 1937–38 placed at the disposal of the Press and made available to the members of the Legislature in January and February 1939.	Date on which it was due in Department of the Secretariat and period covered by the report.	Date on which it was received in the department concerned.	Cause of the delay in receipt, if there is any.	Date of publication.	Cause of delay in publication, if there is any.
(1)	(2)	(3)	(4)	(5)	(6)
6 Administration Report of the Fisheries Department.	1st November 1938 (from 1st April 1937 to 31st March 1938).	2nd November 1938.	No delay	26th January 1939.	The report, which should have been published on 20th January 1939, was released for publication on 26th January 1939. The six days' delay was in the Press.
7 Administration Report of the Cinchona Department.	15th October 1938 (from 1st April 1937 to 31st March 1938).	3rd November 1938.	Not much delay	27th January 1939.	The report should have been published on 25th November 1938. The delay was due to (1) late receipt of the report in the Secretariat, (2) correspondence with the Director for reconciliation of certain discrepancies and (3) the Press taking 1 month and 14 days for publication after return of the proof to it instead of 10 days' limit allowed.
1 Administration Report of the Industries Department, 1937–38.	Due on 15th August 1938 (from 1st April 1937 to 31st March 1938).	14th October 1938.	Delay in getting the report printed by Director of Industries and Commerce.	31st January 1939 (due date 20th October 1938.)	Delayed again in the Press. Government have already taken action in the matter.

tion Report, 1937–38.	(from 1st April 1937 to 31st March 1938).	1938.		1939.	Government [illegible] orders on the report. The Press took 1 month and 15 days to publish the report while it is allowed only 10 days for publication after the return of a proof to the Press.
10 Medical Schools Annual Report.	15th August 1938 (Period 1st July 1937 to 30th June 1938).	13th October 1938.	Certain discrepancies had to be settled in consultation with the Principal, Stanley Medical College.	13th February 1939.	Press took nearly two and a half months of which a portion was covered by holidays.
11 Report of the Director of Public Health, 1937 and Administration of Vaccination for 1937–38.	1st July 1938 (Calendar year 1937 and Official year 1937–38).	2nd July 1938.	No delay	6th February 1939.	The delay was mainly in printing.
12 Triennial Report on the working of the Civil Hospitals and Dispensaries in the Madras Presidency.	25th June 1938 (Period January 1935 to December 1937).	6th September 1938.	There was unavoidable delay in getting individual reports and in getting printed statements owing to a strike in the Government Press.	20th February 1939.	There were some errors in the figures furnished by the Surgeon-General. These had to be rectified and the proof had to be sent to the Surgeon-General before orders were given for striking final copies.
13 Indian Medical School and Hospital.	15th August 1938 (Period 1st July 1937 to 30th June 1938 for school and calendar year for hospital).	2nd November 1938.	There was unavoidable delay in the compilation of the statistics incorporated in the report.	9th February 1939.	There were heavy statements to be printed. The Press had also to attend to other urgent work such as Agenda and Proceedings of the Legislative Assembly.
14 Town Planning Report.	1st August 1938 (Official year 1937–38).	31st October 1938.	The delay is probably due to the absence of Personal Assistant on leave.	14th February 1939.	....
15 Government Press Report.	15th September 1938 (Official year 1937–38).	22nd September 1938.	Not much delay in receipt of the report.	27th January 1939.	....

APPENDIX VII.

[Vide answer to starred question No. 231 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 14 supra.]

I

Statement showing the names of Honorary Surgeons appointed in the Madras City Hospitals since 1928.

Serial number and name of institution.	Name of Honorary Surgeon.	Community and caste.	Name of district of birth.	Period for which appointment made.	If extension was granted to them.	For what period extension was granted.	Reasons for extension.
1 Government Royapetta Hospital, Madras.	Sri B. M. Sundaravadanam, B.A., M.B., B.S., F.R.C.S.	Non-Brahman.	Civil and Military Station, Bangalore.	No limit is mentioned in the order of original appointment.	Nil ..	....	....
2 Government General Hospital, Madras.	Do.	Do.	Do.	Do.	Yes ..	Up to 15th December 1940.	Extension was granted to keep him for five years from date of his appointment at the Government General Hospital, viz., 16th December 1935.
3 Government Royapetta Hospital, Madras.	Sri S. K. Menon, M.B., B.S., F.R.C.S. (Eng.)	Do.	Parur, Travancore State.	Five years from date of taking charge.	Nil ..	....	....
4 Government General Hospital, Madras.	Sri K. K. Chintan Nambiyar, M.B.B.S. (Mad.), F.R.C.S. (Edin), F.R.C.S. (Eng.).	Do.	Malabar ..	Do.	Nil ..	....	....
5 Do.	Sri C. P. Viswanatha Menon, M.S. (Mad.), F.R.C.S. (Eng.).	Do.	Chittur (Cochin State).	Do.	Nil ..	....	
6 Government Rayapuram Hospital, Madras.	Sri C. R. Krishnaswami, M.B.B.S., M.S.	Brahman ..	Madras	Do.	Nil ..	....	

II

Statement showing the appointments of Honorary Surgeons advertised and applications received since 1st January 1938.

Serial number and name of institution.	Number of posts of Honorary Surgeons advertised.	Name of candidates applied.	Qualification.	Religion.	Practical experience.	How the applications have been disposed of.
1 Government Royapetta Hospital, Madras.	(1) One post of Honorary Surgeon (in place of Sri B. M. Sundaravadanam).	(1) Sri P. N. Ramasubrahmanyam.	B.A., M.B. B.S. ..	Brahman ..	Was temporary Sub-Assistant Surgeon and resigned. Was Honorary Assistant Surgeon at Madura.	Sri S. K. Menon was appointed as Honorary Surgeon.
		(2) Sri Rao Bahadur Dr. S. Padmanabha Sarma.	M.B.C.M.	Do. ..	Was Professor of Operative Surgery in the Medical College, Vizagapatam. Retired Civil Surgeon.	
		(3) Sri K. M. Sambanthan.	L.M.S. (Mad.), L.R. F.P. & S. (Edin.).	Non-Brahman ..	Was Honorary Assistant Surgeon at the Government Royapetta Hospital.	
		(4) Sri C. R. Krishnaswami.	M.B.M.S. (Mad.). ..	Brahman ..	Was temporary Civil Assistant Surgeon and resigned. Was Honorary Surgeon in Government Rayapuram Hospital and resigned. Was Honorary Assistant Medical Officer in the Venereal department of Government Rayapuram Hospital.	
		(5) Sri S. K. Menon.	M.B.B.S. (Bom.), F.R. C.S. (Eng.).	Non-Brahman ..	Was holding temporary commission in the Indian Medical Service and qualified for F.R.C.S. in 1937.	
2 Government Victoria Caste and Gosha Hospital, Madras.	One post of Honorary Woman Surgeon.	(No applications received.)	....	....	....	
3 Government General Hospital, Madras.	Two posts of Honorary Surgeons.	(1) Sri K. K. Chintan Nambiyar.	M.B.B.S. (Mad.), F.R.C.S. (Edin.), F.R.C.S. (Eng.).	Non-Brahman ..	Brilliant career in the Medical College and won prizes. Did research work under University of Madras. Took F.R.C.S. in 1936 and F.R.C.S. (England) in 1937.	Sri K. K. Chintan Nambiyar and Sri C. P. Viswanatha Menon were appointed as Honorary Surgeons.
		(2) Sri S. K. Menon.	M.B.B.S. (Bom.), F.R.C.S. (Eng.)	Do. ..	(Vide item 5 above)	
		(3) Sri C. P. Viswanatha Menon.	M.S., F.R.C.S. (Eng.)..	Do. ..	Was a Civil Assistant Surgeon in the department and resigned. Was Assistant to Professor of Surgery. Took F.R.C.S. (England).	
		(4) Sri C. R. Krishnaswami.	M.B.,M.S. (Mad.) ..	Brahman ..	Vide item 4 above	

Statement showing the appointments of Honorary Surgeons advertised and applications received since 1st January 1938—*cont.*

Serial number and name of institution.	Number of posts of Honorary Surgeons advertised.	Name of candidates applied.	Qualification.	Religion.	Practical experience.	How the applications have been disposed of.
4 Government General Hospital, Madras.	One Honorary Surgeon (in place of Sri B. M. Sundaravadanam).	Mr. A. F. Lasrado ..	M.B.B.S. (Mad.). L.M. (Rot.), F.R.C.S. (Eng.).	Christian ..	Resident House Surgeon in Government General Hospital, Madras, Ship Surgeon, B.I. line, 1929-30, Chief Medical Officer, Bikaner State, for four and a half years.	The services of Sri B. M. Sundaravadanam were extended up to 15th December 1940.
5 Government Royapetta Hospital, Madras.	One Honorary Surgeon (in place of Dr. M. R. Grandhi, M.B., B.S.).	Sri C. T. Rangaswami.	M.B.B.S., F.R.F.P. & S. (Glas.).	Brahman ..	Working as Honorary Assistant Medical Officer in the Surgical Unit in Government General Hospital for five years.	Sri C. R. Krishnaswami, Honorary Assistant Medical Officer in Venereal department, was appointed.

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APPENDIX VIII.

[Vide answer to starred question No. 238 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 19 supra.]

The Hon'ble Ministers in charge of Industries and Labour, Agriculture and Rural Development, and Public Health have had occasion recently to investigate on the spot the conditions of labour obtaining in the Plantations in the Anamalais. Mr. D. N. Strathie, C.I.E, I.C.S., whom Government subsequently deputed to examine these conditions in greater detail has, after consultation with the interests concerned, submitted a full and interesting report. In the light of the material before them, the Government now proceed to make the following recommendations. The Commissioner of Labour is requested to communicate them to the planting community and see that they are carried out fully and effectively.

Pre-employment advances.—The Government observe that pre-employment advances to workers carry no interest and do not, as a general rule, exceed Rs. 5 in case. In some cases, however, the amounts exceed this figure. The Government consider it desirable to discourage large pre-employment advances and are of the view that in no case should such advances exceed Rs. 20. The Government also consider that no pre-employment advance should be recoverable from the worker unless it has been disbursed in the presence of a village officer or some higher revenue official and unless the transaction has been reduced to writing and attested by the officer present. A copy of the document should be given to the worker and the original should be sent to the employer through the maistri concerned. The Board of Revenue is requested to issue necessary instructions to Collectors in the matter.

2. *Medical examination.*—The workers are now medically examined on arrival at the estate and those that are found unfit are sent back home. A suggestion was made that the planters should be required to arrange for the medical examination of all workers at the foot of the hills. But the Planters' Association, Valparai, is against the suggestion both on account of the extra cost involved in running a camp at Vannanthurai and also by reason of the inconvenience to labourers themselves who will have to break their journey at this camp. It has also been pointed out that the labourers rejected are usually sent back at the expense of the estate concerned. In view of these facts the Government will not insist on the medical examination of labourers at the foot of the hills, but consider that all estates should make it a universal rule to pay the expenses home of any labourer brought up by the maistris and refused work. The Commissioner of Labour is requested to report to Government the decision of the Planters' Association, Valparai, in the matter.

3. *Housing.*—Housing conditions in the estates require improvement. The Government are however glad to observe that this question is already receiving the careful attention of the planters

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and that improved types of buildings are being erected. The Commissioner of Labour is requested to obtain and furnish the Government with a statement showing the number of workers employed in each estate, the number and the type of quarters built for them and the accommodation provided for each worker or family of workers.

4. *Provision of Cumblies.*—Each worker, on his arrival at the estate, is now supplied with a cumbly. In the rainy season the cumbly gets wet during the day and thus becomes unfit for use at night. The Government consider that in addition to a cumbly, each worker should be given a waterproof coat for his use.

5. *Supply of rice.*—Complaints have been made that the quality of rice supplied to the worker on the estates is bad and that the price is high when compared with the quality supplied. The Government consider that the worker should be allowed to purchase his own rice from the market. It should be possible in this manner to eliminate a fruitful source of discontent and constant friction between the workers and the planters.

6. *Weighment of leaf plucked.*—The Government are not satisfied with the system at present obtaining in regard to the weighment of the leaf plucked. Several abuses have come to notice and the Government consider that the following system should be adopted in the future :—

There should be a fortnightly or monthly card index in which the weight of leaf plucked by each worker should be entered each day at the place of weighment and at the end of the period the total amount of leaf collected should also be recorded in the card. Nothing should be entered in the card except in the presence of the worker concerned.

7. *Piece-work rates for plucking.*—The established piece-work rate for plucking is 3 pies per pound and the Commissioner of Labour says that it is on plucking that good wages are earned. Women are generally employed on this work and men only occasionally. The men earn on an average more than the basic rate, and in many estates they are paid the basic rate whether they earn it or not. The Commissioner of Labour says that those estates which do not follow this rule at present have undertaken to consider its adoption. The Government consider that an uniform method should be adopted in the case of all labourers, both men and women and that they should invariably be given the basic rate whether they earn it or not. The Commissioner of Labour is requested to report at the end of three months to what extent the above suggestion has been adopted by the estates.

8. *Basic rates.*—The Commissioner of Labour considers that as in the case of the higher paid employees on the estates the cuts imposed in the basic rates of wages during the period of depression should now be removed. The Government agree with the Commissioner of Labour and consider that this recommendation should be given effect to at least from 1st of May 1938. The tea industry

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is to-day prosperous enough to be able to afford to pay better wages to the workers. The basic rates of wages should accordingly be *revised* as follows :—

	Annas per day.
Adults, male	8
,, female	6
Adolescents, male	6
,, female	5
Boys and girls under 15 years of age ..	4

The Government agree with the Commissioner of Labour that there is no case for increase in wages in respect of coffee or cardamom estates.

9. *Method of settlement.*—The Commissioner of Labour has described in detail the three systems in vogue, viz., the Strict Settlement System, the Modified Settlement System and the Monthly Payment System. Under the last mentioned system wages are paid out monthly; under the Strict Settlement System they are carried forward to the end of the settlement period, the labourers being free in the meanwhile to draw upon their accounts and under the Modified Settlement System labourers are paid their monthly balances part of which they return for safe custody to the estates. The Commissioner of Labour points out that both in his view and that of the labourers the Settlement System is superior to the Monthly Payment System since it helps the labourer to learn and practice thrift. He reports that planters are prepared to sink their individual opinion and adopt the Monthly System if the Government so desire. The Government consider that labour should be gradually educated to stand on its own legs and to practise thrift for its own sake. Enforced thrift has but little moral value. The planters have wonderful opportunities to help to improve the moral tone of the labour force working under them. The Government consider that by paying wages every week or every fortnight they will help the workers to stand on their own legs. They are not however prepared to insist on such payments at present. The Government consider that each estate should afford an opportunity to its labour force to decide which particular system of settlement it desires to adopt and should accept that decision and act upon it. If the workers prefer the Strict or Modified Settlement System, the Government consider that they should be given the necessary facilities to withdraw their balances at fixed intervals if they so desire. The Government also consider that a uniform procedure should be adopted for disbursement of wages of workers in all estates. They consider that all payments of wages should be made in the immediate presence of the manager or some other responsible officer.

10. *Maternity benefit.*—The Government note with pleasure the decision of the planters to pay maternity benefit to their workers. The Commissioner of Labour reports that planters have agreed to pay bonus and to bear charges in connexion with the free feeding of the mother for a period of three weeks before entry into hospital and for another period of three weeks after leaving it.

The Government consider that it will be very interesting to publish relevant statistics as regards maternity benefit payments in the estates in the report on the Maternity Benefit Act. The Commissioner of Labour is requested to obtain and publish information in his administration report on the following points :—

(1) The annual statistics of adult women population in each estate,
(2) the number of child births in each estate per year,
(3) the number of children born in estate hospitals annually,
(4) the amount of bonus paid in each estate annually, and
(5) the cost of free feeding for six weeks on each estate.

11. *Ban on re-employment of coolies.*—It has been represented that if a coolie on account of some misfortune gets into discredit in an estate, he is debarred from employment in any estate in the hills. The Government are not sure if there is any such rule. If there is, the Government trust that it is enforced only in extreme cases of indiscipline or insubordination of a grave character and that plenty of chance is given for a delinquent to turn over a new leaf.

12. The Government would like to express their thanks to the planting community on the Anamalais for the opportunities given to the Hon'ble Ministers who visited the hills to study the conditions of labour there.

APPENDIX IX.

[Vide answer to starred question No. 243 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 11th May 1939, page 23 supra.]

Message.

I am pleased to learn that so many Harijan families feel that they should go back to the faith of their ancestors. Our ancient Dharma is the clearest and shortest way to the Divine. If the heads of these families have felt the call and responded without thinking of any worldly profit, it will be a great blessing and event for rejoicing.

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APPENDIX X.

[Vide item II (1) at page 25 supra.]

L.A. BILL No. 9 OF 1939.

(As passed by the Assembly.)

A Bill to impose a tax on amusements and other entertainments in the Province of Madras.

WHEREAS it is expedient to provide for the levy by the Provincial Government of a tax on amusements and other entertainments, to repeal the Madras Local Authorities Entertainments Tax Act, 1926, and to provide for the payment of compensation to local authorities now levying a tax under the Act aforesaid; It is hereby enacted as follows:— s Act 927.

1. (1) This Act may be called the Madras Entertainments Tax Act, 1939. Short title, extent and commencement.

(2) It extends to the whole of the Province of Madras.

(3) This section shall come into force at once, and the rest of this Act shall come into force on such date as the Provincial Government may, by notification in the Official Gazette, appoint.

s Act 927. 2. The Madras Local Authorities Entertainments Tax Act, 1926, is hereby repealed. Repeal of Madras Act V of 1927.

3. In this Act, unless there is anything repugnant in the subject or context— Definitions.

(1) "admission" includes admission as a spectator or as one of an audience, and admission for the purpose of amusement by taking part in an entertainment;

(2) "admission to an entertainment" includes admission to any place in which an entertainment is held;

(3) "agriculture" includes horticulture and the breeding of animals of every description;

(4) "entertainment" includes any exhibition, performance, amusement, game, sport or race to which persons are admitted for payment;

(5) "institution" includes a company, society, club or other association of persons by whatever name called;

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(6) " local authority " means the Corporation of Madras, or a municipal council or a local board constituted under any enactment for the time being in force ;

(7) " *payment for admission* " includes—

(*a*) any payment made by a person who, having been admitted to one part of a place of entertainment, is subsequently admitted to another part thereof, for admission to which a payment involving a tax or a higher tax is required ;

(*b*) any payment for seats or other accommodation in a place of entertainment ; and

(*c*) any payment for any purpose whatsoever connected with an entertainment which a person is required to make as a condition of attending or continuing to attend the entertainment in addition to the payment, if any, for admission to the entertainment ;

(8) " prescribed " means prescribed by rules made under this Act ; and

(9) " proprietor " in relation to any entertainment includes any person responsible for the management thereof.

Tax on payments for admission to entertainments.

4. Except as otherwise expressly provided in this Act, there shall be levied, and paid to the Provincial Government, on all payments for admission to any entertainment, a tax (hereinafter referred to as the entertainments tax) at the following rates, namely :—

Where the payment, excluding the amount of the tax—

	Amount of tax.
(i) is not more than two annas ..	Three pies.
(ii) is more than two annas but less than six annas ..	Six pies.
(iii) is six annas or more but is less than twelve annas ..	One anna.
(iv) is twelve annas or more but is less than one rupee eight annas	Two annas.
(v) is one rupee eight annas or more but is less than two rupees eight annas ..	Four annas.

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	Amount of tax.
(vi) is two rupees eight annas or more but is less than three rupees eight annas ..	Eight annas.
(vii) is three rupees eight annas or more but is less than four rupees eight annas. ..	Twelve annas.
(viii) is four rupees eight annas or more but is less than six rupees eight annas ..	One rupee.
(ix) is six rupees eight annas or more but is less than nine rupees eight annas ..	One rupee eight annas.
(x) is nine rupees eight annas or more but is less than ten rupees	Two rupees.
(xi) is ten rupees or more ..	Two rupees in respect of the first ten rupees and two rupees for every ten rupees or portion thereof in excess of the first ten rupees.

5. The Provincial Government may, on the application of the proprietor of any entertainment in respect of which the entertainments tax is payable under section 4, allow the proprietor on such conditions as they may lay down— *Composition and consolidated payment of tax.*

(*a*) to compound the tax payable in respect of such entertainment for a fixed sum ; or

(*b*) to pay the amount of the tax due by means of a consolidated payment at such percentage of the gross proceeds received by the proprietor on account of payments for admission to such entertainment and on account of the tax, as the Provincial Government may fix.

6. (1) Save in the cases referred to in section 5, no person shall be admitted for payment to any entertainment where the payment is subject to the entertainments tax except— *Admission to entertainments.*

(*a*) with a ticket stamped with an impressed, embossed, engraved or adhesive stamp (not

previously used) issued by the Provincial Government and indicating the proper tax for such ticket, or

(*b*) in special cases, with the approval of the Provincial Government, through a barrier which, or by means of a mechanical contrivance which, automatically registers the number of persons admitted,

unless the proprietor of the entertainment has made arrangements approved by the Provincial Government for furnishing returns of the payments for admission to the entertainment and has given security up to an amount and in a manner approved by the Provincial Government for the payment of the entertainments tax.

(2) Nothing in sub-section (1) shall be deemed to preclude the Provincial Government from requiring security from the proprietor of an entertainment for the payment of the entertainments tax in any other case.

Manner of payment of tax.

7. (1) The entertainments tax shall be levied in respect of each person admitted for payment, and in the case of admission by stamped ticket, shall be paid by means of the stamp on the ticket, and, in the case of admission otherwise than by stamped ticket, shall be calculated and paid on the number of admissions.

(2) The entertainments tax in the case of admission otherwise than by stamped ticket, shall be recoverable from the proprietor.

(3) Where the payment for admission to an entertainment is made wholly or partly by means of a lump sum paid as a subscription or contribution to any institution, or for a season ticket or for the right of admission to a series of entertainments or to any entertainment during a certain period ot time, the entertainments tax shall be paid on the amount of the lump sum, but where the Provincial Government are of opinion that the payment of a lump sum or any payment for a ticket represents payment for other privileges, rights or purposes besides the admission to an entertainment, or covers admission to an entertainment during any period during which the tax has not been in operation, the tax shall be levied on such an amount as appears to the Provincial Government to represent the right of admission to entertainments in respect of which the entertainments tax is payable.

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8. (1) The entertainments tax shall not be levied on payments for admission to any entertainment where the Provincial Government are satisfied— Entertainments exempted from payment of tax.

(a) that the entire gross proceeds of the entertainment are devoted to philanthropic, religious or charitable purposes without any charge on such proceeds for any expenses of the entertainment ; or

(b) that the entertainment is of a wholly educational character ; or

(c) that the entertainment is provided for purposes which are partly educational, cultural or scientific by an institution not conducted or established for profit ; or

(d) that the entertainment is provided by an institution not conducted for profit and established solely for the purpose of promoting the public health or the interests of agriculture or of a manufacturing industry, and consists solely of an exhibition of articles which are of material interest in connexion with questions relating to public health or agriculture, or of the products of the industry for promoting the interests of which the institution exists or of the materials, machinery, appliances or foodstuffs used in the production of those products.

(2) The Provincial Government may, by general or special order, exempt any entertainment or class of entertainments from liability to the entertainments tax.

9. Where the Provincial Government are satisfied that the whole of the net proceeds of an entertainment are devoted to philanthropic, religious or charitable purposes, and that in calculating the net proceeds, not more than twenty-five per cent of the gross proceeds have been deducted on account of the expenses of the entertainment, they shall repay to the proprietor the amount of the entertainments tax paid in respect of the entertainment. Refunds in certain cases.

10. Any amount due on account of the entertainments tax may be recovered by the Provincial Government as if it were an arrear of land revenue. Manner of recovery of tax.

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Inspection. 11. (1) (*a*) Any officer authorized by the Provincial Government in this behalf may enter any place of entertainment while the entertainment is proceeding, and any place ordinarily used as a place of entertainment at any reasonable time, for the purpose of seeing whether the provisions of this Act or any rules made thereunder are being complied with.

(*b*) Every officer so authorized shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code. Act XLV of 1860.

(2) The proprietor of every entertainment or the owner or person in charge of any place ordinarily used as a place of entertainment shall give every reasonable assistance to the inspecting officer in the performance of his duties under sub-section (1).

(3) If any person prevents or obstructs the entry of the inspecting officer, he shall, in addition to any other punishment to which he is liable under any law for the time being in force, be punished with fine which may extend to five hundred rupees.

Exemption from payment for admission. 12. The officer referred to in section 11 or any other officer who has to enter any place of entertainment in pursuance of a duty imposed upon him by or under this Act or any other law shall not be required to pay for his admission to the entertainment.

Payment of compensation to local authorities. 13. (1) From the proceeds of the tax collected under this Act every year, there shall be paid to each of the local authorities which were in receipt of an income from the tax levied under the Madras Local Authorities Entertainments Tax Act, 1926, during any part of the three years preceding the 1st April 1939, a sum equivalent to the average net annual income derived by such local authority during those three years from the tax so levied: Mad. V of

Provided that from the amount payable under this sub-section to any local authority for the first year after the commencement of this Act, the net income derived by that authority from any tax levied on and after the 1st April of that year under the Madras Local Authorities Entertainments Tax Act, 1926, shall be deducted. Mad. V of

Explanation.—In this sub-section, "year" shall mean the financial year.

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(2) The Provincial Government shall determine the sums which should be paid to local authorities under sub-section (1) and their determination shall be final.

14. The proprietor of any entertainment who— Penalties.

(*a*) admits any person for payment to any place of entertainment in contravention of the provisions of section 6, or

(*b*) fails to pay the tax due from him within the time prescribed, or

(*c*) fraudulently evades the payment of any tax due under this Act, or

(*d*) contravenes any of the provisions of this Act,

shall, on conviction by a Magistrate, be liable in respect of each such offence to a fine which may extend to five hundred rupees, and shall in addition, be liable to pay any tax which should have been paid.

15. The prescribed authority may accept from any person who has committed or is reasonably suspected of having committed an offence against this Act, by way of composition of such offence— Power to compound offences.

(*a*) where the offence consists of the failure to pay, or the evasion of, any tax payable under this Act, in addition to the tax so payable, a sum of money not exceeding five hundred rupees or double the amount of the tax payable, whichever is greater, and

(*b*) in other cases, a sum of money not exceeding five hundred rupees.

16. (1) The Provincial Government may make rules for securing the payment of the entertainments tax and generally for carrying into effect the purposes of this Act. Power to make rules.

(2) In particular and without prejudice to the generality of the foregoing power, they may make rules—

(*a*) for the supply and use of stamps or stamped or embossed tickets, or for the stamping or embossing of tickets sent to be stamped or embossed, and for securing the defacement of stamps when used ;

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(*b*) for the use of tickets covering the admission of more than one person and the calculation of the tax thereon; and for the payment of the tax on the transfer from one part of a place of entertainment to another, and on payments for seats or other accommodation;

(*c*) for controlling the use of barriers or mechanical contrivances (including the prevention of the use of the same barrier or mechanical contrivance for payments of a different amount) and for securing proper records of admission by means of barriers or mechanical contrivances;

(*d*) for the checking of admissions, the keeping of accounts and the furnishing of returns by the proprietors of entertainments to which the provisions of section 5 are applied or in respect of which the arrangements approved by the Provincial Government for furnishing returns are made under section 6;

(*e*) for the renewal of damaged or spoiled stamps and for the procedure to be followed on applications for refund under this Act or under the rules made thereunder;

(*f*) for the keeping of accounts of all stamps used under this Act;

(*g*) for the presentation and disposal of applications for exemption from payment of the entertainments tax, or for the refund thereof, made under the provisions of this Act;

(*h*) for the collection of the entertainments tax under this Act and the powers to be exercised by the officers of the Provincial Government in that behalf;

(*i*) for authorizing any local authority to collect the entertainments tax on behalf of the Provincial Government in the area within the jurisdiction of the local authority or any part of such area, for the payment of a commission to the local authority for making the collection, and for the powers to be exercised by the officers of the local authority in connexion with such collection;

(*j*) for the issue of passes by proprietors of entertainments for the admission of officers who have to perform any duty in connexion therewith or any other duty imposed upon them by law ; and

(*k*) for any other matter for which there is no provision or no sufficient provision in this Act and for which provision is, in the opinion of the Provincial Government, necessary for giving effect to the purposes of this Act.

(3) In making a rule under sub-section (1) or sub-section (2), the Provincial Government may provide that a breach thereof shall be punishable with fine which may extend to five hundred rupees.

(4) The power to make rules conferred by this section shall, except on the first occasion of the exercise thereof, be subject to the condition of the rules being made after previous publication for a period of not less than one month.

(5) All rules made under this section shall be published in the Official Gazette, and on such publication shall have effect as if enacted in this Act.

Bar of certain proceedings.

17. (1) No suit, prosecution or other proceeding shall lie against any officer or servant of the Provincial Government, for any act done or purporting to be done under this Act, without the previous sanction of the Provincial Government.

(2) No officer or servant of the Provincial Government shall be liable in respect of any such act in any civil or criminal proceeding, if the act was done in good faith in the course of the execution of duties or the discharge of functions imposed by or under this Act.

Limitation for certain suits and prosecutions.

18. No suit shall be instituted against the Crown and no suit, prosecution or other proceeding shall be instituted against any officer or servant of the Provincial Government in respect of any act done or purporting to be done under this Act, unless the suit, prosecution or other proceeding is instituted within six months from the date of the act complained of.

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Proceedings, etc., against officers and servants of a local authority collecting the tax.

19. If any local authority has been authorized under this Act to collect the entertainments tax on behalf of the Provincial Government, the provisions of sections 17 and 18 shall apply in regard to the officers and servants of such authority in the same manner as they apply in regard to the officers and servants of the Provincial Government.

Delegation of certain powers of the Provincial Government.

20. (1) The Provincial Government may, by notification in the Official Gazette, delegate all or any of their powers under this Act except those conferred upon them by sub-section (3) of section 1, section 16 and this section, to any person or authority subordinate to the Provincial Government, and may in like manner withdraw any powers so delegated.

(2) The exercise of any powers delegated under sub-section (1) shall be subject to such restrictions, limitations and conditions, if any, as may be laid down by the Provincial Government, and shall also be subject to control and revision by them.

APPENDIX.

[Vide item 11 (2) at page 36 supra.]

L.A. BILL No. 8 OF 1939.

(As passed by the Assembly.)

A Bill further to amend the Madras District Municipalities Act, 1920, and the Madras Local Boards Act, 1920, for certain purposes.

WHEREAS it is expedient further to amend the Madras District Municipalities Act, 1920, and the Madras Local Boards Act, 1920, for the purposes hereinafter appearing; It is hereby enacted as follows:— Madras V of 19[20]. Madras XIV of [1920].

Short title.

1. This Act may be called the Madras District Municipalities and Local Boards (Amendment) Act, 1939.

Amendment of sections 40 and 83, Madras Act V of 1920.

2. In the Madras District Municipalities Act, 1920—

(i) after sub-section (2) of section 40, the following sub-section shall be added, namely:—

"(3) Any person removed under sub-section (1) from the office of chairman or from the office of vice-chairman shall not be eligible

for election to either of the said offices until the date on which notice of the next ordinary elections to the municipal council is published in the prescribed manner, or the expiry of six months from the date of the removal, whichever is earlier."; and

(ii) in sub-section (1) of section 83, for clause (*e*), the following clause shall be substituted, namely:—

"(*e*) any irrigation work vesting in the Crown including the bed of a water-course, or any building or land adjacent and appertaining to such irrigation work; Crown lands set apart free for recreation purposes; and all such other Crown property (being neither buildings nor land from which in the opinion of the Provincial Government any income could be derived) as may from time to time be notified by the Provincial Government."

3. In section 43 of the Madras Local Boards Act, 1920, after sub-section (2) the following sub-section shall be added, namely:— **Amendment of section 43, Madras Act XIV of 1920.**

"(3) Any person removed under sub-section (1) from the office of president or from the office of vice-president shall not be eligible for election to either of the said offices until the date on which notice of the next ordinary elections to the local board is published in the prescribed manner, or the expiry of six months from the date of the removal, whichever is earlier."

THE MADRAS LEGISLATIVE COUNCIL.

Friday, 12th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Alleged suspension of the trustees of Thiruvoimoor temple by the President, Negapatam Circle Temple Committee.

* 245 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the President, Negapatam Circle Temple Committee, made any representation to the Government with regard to an order passed by the Hindu Religious Endowments Board on the appeal preferred by the trustees of Thiruvoimoor temple, Negapatam taluk, against their suspension by him and the Government have passed orders and communicated their decision in G.O. Ms. No. 744, P.H., dated 28th February 1939;

(*b*) if so, whether he will place on the table the letter of the President, Negapatam Circle Temple Committee, and the Government Order, dated 28th February 1939, stated above; and

(*c*) what the section of the Hindu Religious Endowments Act is under which the Government passed the said order?

THE HON. DR. T. S. S. RAJAN:—" (*a*) Yes.

" (*b*) The order * is placed on the table of the House. The Government consider that it would be prejudicial to public interests to place the letter of the President, Negapatam Circle Temple Committee, on the table of the House.

" (*c*) The orders were not passed under any specific section of the Act, but in virtue of the Government's general responsibility for securing the due administration of the Act in the public interest. The orders are only of an advisory nature."

* Printed as Appendix I on pages 162–163 infra.

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SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Is it not a fact that Government gave their opinion against a judicial finding of the Endowments Board?"

THE HON. DR. T. S. S. RAJAN:—" The Government did not give any finding on the decision of the Board; it was only the advice of the Advocate-General on which the Government gave the opinion."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" May I know whether the Government passed orders on the Tuticorin Temple Committee on the same question which the Government now say is *ultra vires* or against the provisions of the Act?"

THE HON. DR. T. S. S. RAJAN:—" That question does not arise out of this."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" My question is, On a similar question, the Government hold the view contrary to the view which they have taken now. Does it not arise on this, Sir?"

THE HON. DR. T. S. S. RAJAN:—" Those are two different orders issued on two different occasions on two different temple committees. Therefore, I say, this supplementary question does not arise out of the temple in question."

Abolition of Tuticorin and Tinnevelly Temple Committees.

* 246 Q.—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether it is a fact that the Government have abolished the Tuticorin and Tinnevelly Temple Committees; and

(b) if so, whether he will place on the table the notices given to the said temples to show cause against the proposal of the abolition and the replies of the committees thereon?

THE HON. DR. T. S. S. RAJAN:—" (a) Yes.

" (b) The Government do not think it necessary to place the papers on the table, but are ready to give the hon. Member any further information he may require."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Is it not a fact that one of the reasons which Government gave in regard to the Tuticorin Temple Committee was that the temple committee took disciplinary action against a trustee appointed by the Board?"

THE HON. DR. T. S. S. RAJAN:—" I cannot exactly remember all the details of the case, but I can say this much that the committee did act contrary to the instructions of the Board."

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Development of ceramic industry.

* 247 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Industries and Labour be pleased to refer to his answer given to my starred question No. 51 on 9th September 1937 and to state what further action has been taken and further developments have been made in regard to the measures proposed for the advancement of the ceramic industry, especially as to the manufacture of stoneware and glazed articles and porcelain, the possibilities of which are described in the Report on the Ceramic Survey of the Madras Presidency published in 1934?

THE HON. SRI V. V. GIRI:—" The Government have sanctioned the conversion of the one-year course in pottery in the Government School of Arts and Crafts into a course in Ceramics extending over a period of three years. They have also agreed to take shares of the value of Rs. 20,000 in the East Coast Ceramic Industrials, Limited, Vizagapatam, which proposes for the present to manufacture drainage pipes, fire-bricks, roofing tiles and pickle and acid jars."

MR. J. A. SALDANHA:—" Will the Government be pleased to open a school for ceramics in Mangalore? "

THE HON. SRI V. V. GIRI:—" That is being considered."

Burnt up cases of leper patients in Tirumani Leper Settlement and provision for housing cases thrown out.

* 248 *Q.*—MR. J. A. SALDANHA: With reference to G.O. Ms. No. 4535, Education and Public Health, dated 19th December 1938, will the Hon. the Minister for Public Health be pleased to state—

(*a*) how burnt up cases of leper patients in the Tirumani Leper Settlement will be dealt with;

(*b*) if such cases are not to be treated in that settlement, how many of the patients will be thrown out of it and what measures will be adopted to house them and take care of them;

(*c*) whether Government have now ascertained approximately how many leper patients will be thrown out from the leper asylums to which capitation grants were given as a result of the carrying out of the Government order mentioned above; and

(*d*) whether Government have ascertained if any charitable institutions have undertaken housing and caring of such thrown out patients?

THE HON. DR. T. S. S. RAJAN:—" (*a*) & (*b*) It is not possible to give the correct number of the patients who will be thrown out. When the Government Order under reference was issued, there were twenty-two cases. Fifteen of them have since been discharged; two are dead; and the remaining five

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are receiving special treatment in order to enable them to leave the settlement as early as possible.

"The Commissioner, Corporation of Madras, was consulted whether the discharged patients could be admitted into the Poor House maintained by the Corporation in the city. He has replied to the effect that there is now no accommodation for them in that institution, but that it will be possible to house them in the Home for lepers and syphilitic beggars which the Corporation proposes to start.

"(c) No.

"(d) The information has been called for."

MR. J. A. SALDANHA:—"Are Government prepared to give any subsidies to the Madras Corporation or other bodies concerned to house these lepers and street beggars?"

THE HON. DR. T. S. S. RAJAN:—"Sir, it is a hypothetical question and a hypothetical commitment."

MR. J. A. SALDANHA:—"The question is a practical one and has actually arisen everywhere where people are thrown out. It is a question of practical importance, whether where Government cannot themselves run poor houses, they would be prepared to subsidise other bodies?"

THE HON. DR. T. S. S. RAJAN:—"My hon. Friend fails to understand that his question is still hypothetical. No cases have been submitted to the Government for grants or bounties or subsidies. Such a case has not arisen. I do not know how to answer the question because the facts have not been placed before the Government."

MR. S. J. GONSALVES:—"Will the Government consider sympathetically the question of aiding charitable institutions for the housing of these people?"

THE HON. DR. T. S. S. RAJAN:—"Yes, Sir."

Elementary Education Funds and certain particulars about the salaries of teachers in elementary schools under district boards.

* 249 *Q.*—SRI RAO BAHADUR M. RAMAKRISHNA REDDI: Will the Hon. the Minister for Education be pleased to state—

(a) the names of the district boards, where Elementary Education Funds work with a deficit and the reasons therefor, and of the above category the names of the boards where the maximum education tax is already levied;

(b) the names of the district boards where time-scales of pay for elementary school teachers are in force and whether increments due are being granted;

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(*c*) whether any cut in pay is being given to the elementary school teachers, by any district board and if so, for what reasons;

(*d*) whether salaries of teachers are being disbursed monthly before the 15th at least and if not, the names of the district boards that default in this respect, with reasons therefor;

(*e*) whether common and uniform rules are in force in all the boards, in the matter of grant of leave and other privileges to teachers, and if not, whether the Government propose to insist on the boards to adopt the fundamental rules in the case of teachers also; and

(*f*) the number of single teacher elementary schools in each district board and the steps proposed to be taken to find funds to develop them and whether the Government propose to take steps to augment the resources of the elementary education funds of the district boards in view of the increasing demands on the expenditure?

THE HON. SRI C. J. VARKEY:—" (*a*) The budget estimates of the Elementary Education Fund accounts of all the district boards for the current year have not yet been received. It is not, therefore, possible to say now which of the boards work at a deficit.

" (*b*) All district boards except the District Board, East Godavari, have adopted the revised time scales of pay for teachers. The Government are not aware that increments are not granted.

" (*c*) Some district boards have imposed cuts on salaries due to want of funds.

" (*d*) The Government have not received any complaints regarding delay in the payment of salaries.

" (*e*) The answer to the first part of the clause is in the affirmative. The latter part of the question does not arise.

" (*f*) Particulars in regard to the number of single-teacher schools in each district are not readily available. The development of incomplete schools is primarily a matter for the district board concerned. The question of augmenting the resources of local bodies will arise only if their existing resources are inadequate and if the local bodies cannot effect economies in expenditure."

SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" May I know, Sir, whether the increments of the teachers are given as regularly as they occur?"

THE HON. SRI C. J. VARKEY:—" The district boards must look to it, because it is primarily their concern and their finance is affected."

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SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"Can they do it of their own accord?"

THE HON. SRI C. J. VARKEY:—"They are permitted by a Government Order to do it."

Appointment of Educational officers in district boards.

*250 Q.—SRI RAO BAHADUR M. RAMAKRISHNA REDDI: Will the Hon. the Minister for Education be pleased to state—

(a) when the appointments of Educational officers to district boards were created on temporary or permanent basis and for what reasons;

(b) the names of district boards which do not have them and the reasons for the same;

(c) whether the Government called for any report from the Director of Public Instruction with regard to the usefulness and continuance of the posts, and if so, what his recommendations are; and

(d) what the procedure is that is being followed in making these appointments and whether that procedure has been found convenient and satisfactory and if not, what steps the Government propose to take in the matter?

THE HON. SRI C. J. VARKEY:—"(a) In 1934; for the effective supervision and control of elementary schools.

"(b) The information is given below:—

Names of District Boards.	Reasons.
Anantapur and Cuddapah ..	The posts are held in abeyance.
South Arcot and Chingleput.	The officers whose services had been lent to the boards were withdrawn on the requests of the presidents of the district boards.
North Arcot	The posts were abolished owing to bifurcation of the district boards but were not revived on amalgamation.
Coimbatore	
Guntur	
East Godavari	
West Godavari	
Ramnad	
Salem	
Tanjore	
Tinnevelly	
Trichinopoly	
The Nilgiris	It was considered that an officer was not necessary for this board.

"(c) The answer is in the negative.

"(d) The officers are mostly recruited from among the Deputy Inspectors of Schools. The question of modifying the method of recruitment is under consideration."

SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"May I know, Sir, whether in such district boards where there are no District Board Educational Officers, the initiative was taken by the district boards themselves or the Government interfered?"

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THE HON. SRI C. J. VARKEY:—" The Government interfered in some cases where representation was made to Government either by Presidents or vice-presidents."

SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" May I know where the Government interfered?"

The HON. SRI C. J. VARKEY:—" Notice."

Staff allotted for Elementary Education section in District Boards.

* 251 *Q.*—SRI RAO BAHADUR M. RAMAKRISHNA REDDI: Will the Hon. the Minister for Education be pleased to state the basis on which clerks are assigned to the Elementary Education section in District Boards and whether there have been any representations from them that more staff should be assigned to Elementary Education section and whether there is any proposal to assign establishments to the sections on the basis of teachers, instead of schools, in view of the amalgamation of large number of schools?

THE HON. SRI C. J. VARKEY:—" A clerk for every 100 schools; one district board has asked for additional clerical establishment and the question is under consideration. There is no proposal to fix the number of clerks with reference to the number of teachers."

Removal of the President of Mudikondan Panchayat Board, Tanjore district, for alleged failure to give effect to some Government Order.

* 252 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether it is a fact that the Government removed the President of the Mudikondan Panchayat Board, Tanjore district, for not giving effect to certain Government Order or orders;

(*b*) if so, whether he will place on the table, the Government Order or orders which the said President refused to give effect to;

(*c*) the date of his election as President of the Panchayat Board;

(*d*) the date on which he has to vacate his office in the usual course; and

(*e*) the date on which he was removed from the office of the President of the Panchayat Board?

THE HON. SRI B. GOPALA REDDI:—" (*a*) The answer is in the affirmative.

" (*b*) A copy * of G.O. No. 967, P.H., dated 10th March 1938, is placed on the table of the House.

* Printed as Appendix II on page 164 infra.

" (c) 10th December 1936.

" (d) 1st December 1939.

" (e) 20th September 1938."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" May I know what are the reasons that were offered by the president for not giving effect to the Government Order? "

THE HON. SRI B. GOPALA REDDI:—" The matter was referred to the District Health Officer and the District Collector. Both of them made enquiries into the matter, and Government were satisfied that the licence could be granted, and the president did not grant the licence."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" The question is, whether all the relevant facts in regard to the question were examined, and if so, what they are? "

THE HON. SRI B. GOPALA REDDI:—" I would like to have notice."

SRI M. D. KUMARASWAMI MUDALIYAR:—" May I know what the report of the District Collector is? "

THE HON. SRI B. GOPALA REDDI:—" As I have already said, both the officers have made enquiries and enquired of the neighbouring people also and none of them objected to the granting of the licence except one."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Did the action of the officers conform to the rule? "

THE HON. SRI B. GOPALA REDDI:—" The officers went into the rules."

Certain particulars about the Wardha Scheme of Education.

* 253 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: With reference to the answer given to starred question No. 200 put at the meeting of the Council on the 21st March 1939, regarding certain particulars about the Wardha Scheme of Education, will the Hon. the Minister for Education be pleased to state—

(*a*) whether the Government have come to any conclusion in the matter; and

(*b*) if so, what it is?

THE HON. SRI C. J. VARKEY:—" The question is still under consideration."

MR. J. A. SALDANHA:—" May I enquire whether the Government have considered the feasibility of introducing gradually the Wardha scheme by adopting the present system of manual training and the kindergarten system to the new system? "

THE HON. SRI C. J. VARKEY:—" That possibility is also under consideration."

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Resolution passed by the Legislature on the formation of Provinces on linguistic basis and recommendations sent by Government to the Secretary of State for India.

* 254 *Q.*—Sri B. BHEEMA RAO: Will the Hon. the Prime Minister be pleased to state as to why the Government sent up to the Secretary of State for India recommendations for the formation of Andhra Province only, when the resolution of both Houses of the Legislature was for the formation of Provinces on linguistic basis including Karnataka and Kerala Provinces?

The Hon. Sri C. RAJAGOPALACHARIAR:—" The Government forwarded the whole resolution with the recommendation that the demand for the constitution of separate provincial administrations on the linguistic basis should be conceded. On receiving an adverse reply from the Secretary of State, they urged upon him a reconsideration of his decision and in particular stressed the formation of a separate Andhra Province as a measure of urgent necessity."

Sri B. BHEEMA RAO:—" Why was not the Legislature consulted before this decision was taken, especially when the amendment moved by the hon. Member, Sir K. V. Reddi, was opposed by the Government? He wanted that in the first instance the Andhra Province should be formed."

The Hon. Sri C. RAJAGOPALACHARIAR:—" The hon. Member is wrong in referring to the subsequent correspondence as a decision. The subsequent correspondence referred only to the reiteration of the original request and in particular the correspondence stressed the formation of a separate Andhra Province as a measure of relatively more urgent necessity. There was no new decision taken and therefore there was no necessity to consult the House again."

Sri B. BHEEMA RAO:—" May I know if any beginning has been made for urging the formation of a Karnataka Province by collecting data, statistics and so on? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" The persons interested in it are mostly in the Bombay Province and they are taking steps. I am in a position to say this."

Sri P. PEDDI RAJU:—" Will the Government be pleased to place the correspondence on the table of the House? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" What correspondence? "

Sri P. PEDDI RAJU:—" The correspondence of this Government with the Secretary of State regarding the formation of the Andhra Province."

The Hon. Sri C. RAJAGOPALACHARIAR:—" Not yet, Sir."

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SRI B. BHEEMA RAO:—"May I know if this Government have been in correspondence with the Bombay Government regarding the formation of the Karnataka Province as a resolution to that effect was first passed by this Legislature?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"This Government have not initiated correspondence with the Bombay Government; but the Government of Bombay have asked for some information which we have furnished. I may tell the hon. Member in this connexion that if we go on like this, the whole issue will be jeopardized."

SRI A. RANGASWAMI AYYANGAR:—"May I ask, Sir, whether the Government are aware of the agitation and the claim to include Madras in the Andhra Province and whether that claim has created an intense feeling in the Tamil Nadu and whether the Government have reported about it to the Secretary of State?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The Government have not made any mention of this matter, nor do they think that it is necessary."

SRI A. RANGASWAMI AYYANGAR:—"May I enquire, Sir, whether the Government are aware of the fact that the claim to include Madras will postpone the claim for the creation of an Andhra Province?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"Those who want the Province know their own interests best, Sir."

Amounts disbursed in several districts for discharging debts scaled down under the Madras Agriculturists' Debt Relief Act.

* 255 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) how much amount was allotted and how much amount was actually disbursed in each of the districts of the Madras Presidency during the year ending with 31st March 1939 out of the sum of Rs. 50 lakhs earmarked for payment to agriculturists for discharge of debts scaled down under the Madras Agriculturists' Debt Relief Act (IV of 1938);

(*b*) whether the Government have received representations from agriculturists for increasing the maximum amount payable to a single individual under the rules to Rs. 2,000 instead of Rs. 1,000 as at present; and

(*c*) whether the Government have considered the representations and come to any decision; if so, what the decision is?

THE HON. SRI T. PRAKASAM:—"(*a*) Figures are not yet available.

"(*b*) The answer is in the negative.

"(*c*) Does not arise."

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Engineers and Assistant Engineers appointed to Provincial Service from the Rayalaseema.

* 256 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Minister for Public Works be pleased to state the number of Engineers and Assistant Engineers (including those in the Electrical Branch) recruited to the Provincial Service from among the natives of the districts of Rayalaseema since

(1) 1st April 1930 to 1st April 1937; and

(2) since 1st April 1937 to 1st April 1939?

THE HON. MR. YAKUB HASAN:—"The information is not available and has been called for."

Deputy Collectors recruited from the Rayalaseema.

* 257 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Minister for Revenue be pleased to state the number of Deputy Collectors recruited from the districts of Rayalaseema—

(1) since 1st April 1930 to 1st April 1937; and

(2) since 1st April 1937 to 1st April 1939?

THE HON. SRI T. PRAKASAM:—"(1) 16.

"(2) 2."

SRI B. BHEEMA RAO:—"May I ask, Sir, whether they are natives of the districts of Rayalaseema or persons from outside?"

THE HON. SRI T. PRAKASAM:—"Unless notice is given the information cannot be made available."

Payment of subsidies to co-operative loan and sale societies for the employment of clerical staff.

* 258 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether any amount has been set apart for the continuance of payment of subsidies to the co-operative loan and sale societies for the year 1939–40 for employment of clerks in those societies; and

(*b*) if so, what the amount provided for for that purpose is?

THE HON. SRI V. V. GIRI:—"(*a*) The answer is in the affirmative.

"(*b*) Rs. 19,900."

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Scheme, if any, for opening itinerant dispensaries in villages.

* 259 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased to state whether Government have decided or have under consideration a scheme of itinerant dispensaries for distribution of medicines in villages and if so, what the character, scope and cost of the scheme will be, and when and to what extent it will be adopted?

THE HON. DR. T. S. S. RAJAN:—" The answer is in the negative."

MR. J. A. SALDANHA:—" May I ask whether the Government contemplate starting itinerant dispensaries? "

THE HON. DR. T. S. S. RAJAN:—" No, Sir."

Absorption of Excise Department Establishment in the Police Department consequent on extension of prohibition.

* 260 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether any of the establishment of officers and subordinates of the Excise Department have been absorbed in the Police Department establishment keeping pace with the extension of the prohibition of liquors; and

(*b*) if so, how far this absorption has been carried out and is to be carried out in future and with what decrease or increase of expenditure on the whole?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) & (*b*) Thirty-four Sub-Inspectors of Excise have been appointed Sub-Inspectors of Police and two Excise Inspectors have been appointed Deputy Superintendents of Police for Prohibition work. The question of providing employment for Excise officers who will be affected by the extension of Prohibition is engaging the attention of the Government. Re-employment is keeping pace with the discharge of probationers owing to Prohibition. The Police department is not the only one in which such employment can be found. Such absorption as is found possible is not likely to result in appreciable alteration of the expenditure."

MR. J. A. SALDANHA:—" What other departments, apart from the Police, have the Government in view for absorbing the men thrown out of office? "

THE HON. SRI V. I. MUNISWAMI PILLAI:—" The Government have already appointed a few of them in the Revenue department and in the Registration department."

MR. J. A. SALDANHA:—" Have the Government any idea of starting some of these men in the new establishment required for carrying out the provisions of the Sales Tax Act? "

THE HON. SRI V. I. MUNISWAMI PILLAI:—" The suggestion will be considered."

Objection, if any, to the abolition of commutation of pensions.

*261 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Prime Minister be pleased to state whether any objections have been raised to the Government Order abolishing the system of commutation of pensions?

THE HON. SRI C. RAJAGOPALACHARIAR:—" Yes, by the pensioners affected by the Government order. "

Extension of the Municipal area of Mangalore.

*262 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether Government have sanctioned the extension of the Municipal limits of Mangalore proposed by the Municipal Council; and

(*b*) if not, what the reasons are for the delay in passing orders?

THE HON. SRI B. GOPALA REDDI:—" (*a*) & (*b*) The matter is under consideration. "

MR. J. A. SALDANHA:—" May I know what the difficulties are in the extension of the town which hold the hands of the Government from passing orders? "

THE HON. SRI B. GOPALA REDDI:—" Some complaints have been received from the public. "

MR. J. A. SALDANHA:—" Is there any difficulty in restricting the area, especially on the riverside? "

THE HON. SRI B. GOPALA REDDI:—" That is why I said that the matter is under consideration. "

Submission of Town-planning Scheme to the Government by Mangalore Municipal Council.

*263 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased to state whether the Municipal Council of Mangalore has prepared and submitted to Government a general town-planning scheme in respect to all lands within the municipality and in its vicinity?

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THE HON. DR. T. S. S. RAJAN:—"The answer is in the negative."

MR. J. A. SALDANHA:—"May I ask whether the Government will expedite the preparation of a general scheme of town-planning and why they do not press upon the Municipality of Mangalore or lay down penalties for not discharging its duty?"

MR. PRESIDENT:—"That is not a supplementary question."

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—GOVERNMENT BILLS.

(1) THE MADRAS BORSTAL SCHOOLS (AMENDMENT) BILL, 1939 (L.A. BILL NO. 12 OF 1939), AS PASSED BY THE ASSEMBLY.

* THE HON. DR. P. SUBBARAYAN:—"Mr. President, I move—

> '*that the Bill* [a] *further to amend the Madras Borstal Schools Act,* 1925, *for a certain purpose* (*L.A. Bill No.* 12 *of* 1939) *as passed by the Assembly be taken into consideration at once.*'

"Sir, I would like to tell the hon. Member for Tanjore for six years, who leads the Opposition in this House, that there is nothing in this Bill to which he may object. There is nothing here which would help the Government to crush their political opponents of which he talked yesterday. I want to say this now while I am introducing this Bill as he made a reference to me yesterday when he said that we are attempting to crush our political opponents. I assure him now that this is an innocent Bill, innocent in its looks and innocent in its implications. What is sought to be done is that, as the Act stands to-day, persons who have been convicted under Section 302 of the Penal Code, and sentenced for transportation for life, even if they are under the age of 21, cannot be sent to the borstal schools. This Bill makes provision to enable that to be done."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Mr. President, I had not intended to take part in this debate on this Bill, but the Hon. the Minister for Law made certain remarks and I am therefore obliged to rise. He contradicted the statement which I made yesterday. I do not know whether you will allow me to substantiate my statement at this stage."

* THE HON. DR. P. SUBBARAYAN:—"A word of personal explanation, Sir. I did not contradiot any statement which the hon. Gentleman made. On the other hand, I said that this Bill is innocent and does not seek to get power to crush the political opponents of the present Government."

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[a] Printed as Appendix III on page 165 infra.

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SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"That is why I am not moving any amendment to this Bill."

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

THE HON. DR. P. SUBBARAYAN:—"I now move—

'*that the Bill be passed into law.*'"

The motion was put and carried and the Bill was passed into law.

(2) THE MADRAS MATERNITY BENEFIT (AMENDMENT) BILL, 1939 (L.A. BILL NO. 13 OF 1939) AS PASSED BY THE ASSEMBLY.

THE HON. SRI V. V. GIRI—"Sir, I move—

'*that the Bill*[a] *to amend the Madras Maternity Benefit Act,* 1934, *for certain purposes (L.A. Bill No.* 13 *of* 1939), *as passed by the Assembly be taken into consideration at once.*'

"I do not make any statement because the Statement of Objects and Reasons fully explains the implications of the amendment. The provisions are quite clear."

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

Clause 3 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

THE HON. SRI V. V. GIRI:—"Mr. President, I now move—

'*that the Bill be passed into law.*'"

The motion was put and carried and the Bill was passed into law.

(3) THE TIRUMALAI-TIRUPATI DEVASTHANAMS (AMENDMENT) BILL, 1939 (L.A. BILL NO. 14 OF 1939), AS PASSED BY THE ASSEMBLY.

* THE HON. DR. T. S. S. RAJAN:—"Sir, I beg to move—

'*that the Bill*[b] *to amend the Tirumalai-Tirupati Devasthanams Act,* 1932, *for certain purposes (L.A. Bill No.* 14 *of* 1939) *as passed by the Assembly be taken into consideration at once.*'"

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"Mr. President, we are very happy to see the Hon. Minister for Public Health introducing the amending Bill to the Tirumalai-Tirupati Devasthanams Act. I am sure that when it comes into force, it

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a Printed as Appendix IV on page 166 infra.

b Printed as Appendx V on pages 167–168 infra.

will go a long way to help the Tirumalai-Tirupati Devasthanam administration and the worshippers that visit the temple from time to time.

"Sir, all these years the civic administration of Tirupati temple was in the hands of the local board. The devasthanam administration though it had not been conferred with any of the powers of the local board, had to spend large sums of money out of its income to look after the public health and sanitation of the place. The routes leading to the temple, the temple and the town are all installed with electric installation out of the devasthanam funds. Though the Tirupati Municipality is getting nearly Rs. 20,000 every year as pilgrim tax not only from the Tirupati station but also from Renigunta and Chandragiri stations and though the duties of attending to the civic amenities of the devasthanam should be legitimately attended to by the municipality, or the local board concerned, these duties are being attended to by the devasthanam and the local board did not pay any attention to them with the result that the town is getting into trouble day after day on account of the encroachments in the town. Encroachments are a common and notorious feature in Tirumalai with the result that during festival times it is becoming very difficult to take the car of Lord Venkateswara around the streets in the town. Therefore when this Bill becomes law, I am sure it will certainly help the Tirumalai-Tirupati Devasthanam administration in checking further encroachments and introducing further amenities to the town.

"Sir, I know, in the light of experience gained by the working of the provisions of the Tirupati Devasthanam Act, that there are many defects in the said Act. As a matter of fact, in the present Act the powers of the Commissioner and the Committee are not well defined. There is a great and ample scope for the overlapping of the one over the other and a conflict, especially with regard to the administration of the estates. The Act is not definite. So I am of opinion that the section in the Act relating to the powers of the Members of the Committee and those of the Commissioner must be well defined for the smooth working of the Act. Again with regard to section 7 of the Act, there is some difficulty under this section. Some mirasi servants of the devasthanam, for instance, the Acharyapurushas and the Jiyengars are being appointed Members of the Committee, though the other mirasi servants, i.e., Archakas, Gamekar or Golla who stand in the same position are deprived of this privilege. I say, though they are all on the same footing, one set of servants get representation in the Committee, while the other set of people do not with the result that the interests of one party go unrepresented and unprotected while the other party gets this privilege through

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their representative on the Committee. The previous Committee also, I understand, had referred this matter to the Government asking them to amend the section suitably so that there may not be inconsistency in the Act. But the Government have not come forward with any amendment, though many petitions have been sent to them by Gollas and Archakas who are affected by this section.

"Again, we are having number of complaints from respectable pilgrims that go to Tirupati with regard to the way in which the dholiwallahs behave towards them. According to the present Devasthanam Act, the Devasthanam Committee has no power to check these dholiwallahs. The Tirupati Municipality has jurisdiction only up to the foot of the hills. As a matter of fact, the dholiwallahs give trouble to these pilgrims in the middle of the way only. The Tirupati Municipality has no control over the routes leading to the Tirumalai hills. On account of these circumstances, I urge on the Government that they should take some action in the matter to see that the devasthanam is given powers in this matter to check the conduct and behaviour of these dholiwallahs either by granting them licences or in some other manner, as the Government think it fit, so that they may not give trouble to the pilgrims who visit the devasthanam. Just I may be allowed to quote one or two instances so that the Government may exactly know the difficulties which these pilgrims are put to and suggest some remedies for them, so that they may consider them while introducing amendments to the existing Act in this respect."

THE HON. SRI T. PRAKASAM:—"What is the trouble which these dholiwallahs give to the pilgrims?"

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"The Hon. the Revenue Minister has not probably gone to the Tirumalai hills and so he does not seem to know all the difficulties which these dholiwallahs are giving. After they go a few furlongs, they drop these passengers down at one gopuram and tell them 'this is the Tirumalai hills' (laughter), but really the Tirumalai is four or five miles from the spot where they are dropped down. I am sorry the Hon. the Revenue Minister has not visited this and therefore does not know the real difficulties which the pilgrims are put to. As a matter of fact they are dropped in the middle. Sometimes their bags will be missing. All these things happen because we have no control over these dholiwallahs. Supposing you go to a railway station and hire a porter, and if he gives you any trouble, you at once take down his number and report the matter to the Police or the Railway authorities. You are able to do it because the Railway authorities have got some control over them. But here nobody has any control over these dholiwallahs and therefore you cannot do anything."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Supposing we take some steps to bring these people under control, does the hon. Member promise not to raise any objections? "

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" Sir, this matter has been represented by respectable pilgrims to the Committee and to the Commissioner and also, I believe, to the Government and it is on the paper. I have now also represented this matter to the Government and I would congratulate the Government if they were to take some steps in this direction."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I suppose Mr. Narayanaswami Nayudu also would not object if we propose adopting any measures for bringing these dholiwallahs under control? "

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I do not know what the views of others are. But so far as I am concerned, I would have no objection to such a step."

THE HON. SRI T. PRAKASAM:—" Do you want the dholi system to be continued? "

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" Yes. Inasmuch as the Government have abandoned their idea of laying out a railway line to the Tirumalai hills, I want this dholi system to be continued which would be of some help to some of the pilgrims."

* THE HON. DR. T. S. S. RAJAN:—" On a point of order, Mr. President. I wish to know how far the facts mentioned by the hon. Member have anything to do with the amendments before the House."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I say they are relevant in this way. I am dealing with the Act relating to the devasthanam in so far as some other provisions of that Act are concerned."

* THE HON. DR. T. S. S. RAJAN:—" May I inform the hon. Member that this Bill is not the result of the representations made by the Devasthanam Committee? "

MR. PRESIDENT:—" The hon. Member may confine himself to the Bill before the House."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I am pointing out to the Government some of the difficulties experienced in the working of the existing Act and how they can be rectified. As a person associated with this temple and the devasthanam administration for the last so many years I feel I am entitled to make representations with regard to the several sections of the Devasthanams Act.

" Then, Sir, in this connexion I may also refer to section 28 under which we have got a separate advisory council. I wish to

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know whether the Government are aware of the representations of the Acharyapurushas in that council. I am referring to section 28 of the old Act."

MR. PRESIDENT:—"The hon. Member should confine himself to the amending Bill."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"Thank you, Sir. My only proposal is that the Government, at least in view of the difficulties I have pointed out, should try to remove those difficulties by bringing suitable amendments to the Tirumalai-Tirupati Devasthanams Act."

* THE HON. DR. T. S. S. RAJAN:—"The idea of this measure is simply this: we found in the working of the Act certain practical difficulties and measures sanitary and otherwise could not be enforced by the Commissioner. Therefore the idea is to enable him to get that much power to carry out all those necessary duties as Commissioner. And as long as those duties are now under the purview of the Local Boards Act, it has become necessary to provide a special provision in this Act to give such powers of the local body to the Commissioner himself. That is what is contemplated in this amending Bill. I know a lot of many other things require my attention. Many of them do not require any legislative amendment. In fact the Act has created the Committee and the Commissioner, and the Committee and the Commissioner have submitted certain proposals to the Government, but the real trouble which the Government noticed was not in connexion with the administration of the Act by the Committee or the Commissioner, but with something else. When I personally visited the Tirumalai hills and inspected the place, I found some glaring defects to which I drew the attention of the Commissioner. Those suggestions could not be carried out unless some amendments were carried out in the Devasthanams Act. I considered all the representations and the suggestions made to me and I referred them to the Legal Department and they in turn suggested this amendment, and it is now brought forward before the House for discussion. There is only one point that has to be considered in considering this amending Bill and that is whether the powers of the local body could be conferred on the Commisisoner of the devasthanam. The Government think that the Commissioner is such a person that could be entrusted with the duties of the local board for purposes of supervising sanitation, for giving medical relief and for attending to public health, etc. One of the difficulties pointed out by the hon. Member Mr. Ramakrishna Reddi, viz., the difficulty caused by encroachment will be attended to by the Commissioner under this amended Act.

"We heard a long story regarding dholiwallahs. It is not our desire either to crush or to encourage them. Under the

powers vested under the Local Boards Act, it is open to the Commissioner to make such regulations as would enable the safe conduct of all passengers by the dholiwallahs with all safety that is possible. That is all that I want to reply. The amendment is very simple."

The motion was put and carried and the Bill was taken into consideration.

Clause 2.

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I beg to move the amendment that stands in my name as follows:—

'*In line 4 after the words " Tirumalai Hills area " add " and Tiruchanur village ".*'

" Sir, at present the sanitation and public health of Tiruchanur village has been thoroughly neglected by the district board, though the district board is getting Rs. 3,000 to Rs. 4,000 every year. I am sorry to inform this hon. House that they are spending only about Rs. 250 a year for maintaining the health and sanitation of this village. They are keeping two sweepers and one watchman. No good drinking water is available for drinking purposes during festival times, and as a matter of fact the visitation of cholera during festival times is a common feature. As a matter of fact a large number of pilgrims and many people who want to conduct their marriages—very rich and educated people—are coming to this village and almost every day we have one marriage or other going on there. So it is but fair that there should be effective control over sanitation and other
11-45 a.m. amenities of life so far as this particular village is concerned. It may be argued that Tirupati Municipality is so close to Tiruchanur and that the village may be included in that municipality. But I should say at the outset that it is not in the interests of the pilgrims or the residents of the village. It is after all 3 miles from Tirupati town. Tiruchanur village consists of only a few choultries and a number of houses occupied by the servants of the temple. The people there, are not in a position to pay house-taxes. Tirupati Municipality cannot be expected to spend anything more with regard to the sanitation of the place, because the municipality cannot realize much revenue from the village. The Tirupati Devasthanam has got an interest in that village as they have got a temple there and the village gains its importance on account of that temple. It is but fair that they should see that the village is kept in a proper condition so that the health and the life of the people visiting it may not be jeopardized. The village should be brought within the scope of the Committee so that the devasthanam may spend more money on it and make it more healthy and more attractive in future."

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SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I second it."

* THE HON. DR. T. S. S. RAJAN:—" Sir, I want first of all to correct a misapprehension in the mind of my hon. Friend Mr. Ramakrishna Reddi. He thinks that we are conferring powers on the Devasthanam Committee. It is wrong. We are conferring powers only on the Commissioner of the Tirumalai and Tirupati Devasthanams and he is in his person vested with the powers of a local body and not the Devasthanam Committee. I just want to make that perfectly clear."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I meant only the Commissioner, Sir."

* THE HON. DR. T. S. S. RAJAN:—" The hon. Member said 'Committee.' The second thing is this. It is not the purpose of this amending Bill to encroach on the powers of local bodies. Tiruchanur is under the supervision of the District Board of Chittoor and we cannot by legislation take away the powers of the local body just to solve a difficulty. Tirumalai village is entirely within the Tirumalai hills area and this legislation is necessary for Tirumalai for this reason. Tirumalai hills are the private property of Lord Venkatesa and they are not under the jurisdiction of the district board. Being private property a lot of people began to live there on the hills and about three to four thousand people have settled there on the hills. And certain things in the way of sanitation and water-supply have become absolutely necessary. Matters have to be regulated by certain rules and regulations and the only way we can do it is by applying certain sections of the Local Boards Act which would give power to the Commissioner to exercise a certain amount of power with regard to the Tirumalai hills which are to-day private property. It is no use asking the Government to include Tiruchanur also because, on the face of it, it cannot be done. I find it therefore difficult to accept the amendment."

The amendment was put and lost.

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I beg to move the following amendment:—

> 'After *the words* " *from time to time* " *in clause* 2, add *the words* " *and to* ".'

Sir, if we add the words proposed by the Government the clause will read as follows:—

> 'It applies to the Tirumalai hills area as notified by the Provincial Government in the official gazette from time to time, the temples specified in Schedule I. . .'

If my amendment is made, the clause will read as follows:—

> 'It applies to the Tirumalai hills area as notified by the Provincial Government in the official gazette from time to time and to the temples specified in Schedule I. . .'

Without adding the words 'and to' I think the sentence is not complete. It will not read properly."

The amendment was duly seconded.

* THE HON. DR. T. S. S. RAJAN :—"The whole object of this Bill is confined to the Tirumalai hills area and does not extend to any other area. When you add on temples to the amendment, it will go against the purpose of the amending Bill."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—"We have not sought for the deletion of these words in the original Act. While adding these words, you will be removing the effect with regard to the other portions of the section. The original section says . . ."

* SRI T. C. SRINIVASA AYYANGAR :—"Am I to understand that as a conjunction, the words 'and to' are required. Temples are already referred to in the section. There is neither a disjunctive participle nor a conjunctive participle in the Bill. Apparently an amendment is required to put in these words and make the sentence read properly."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—"I am not a lawyer, Sir. I will leave it to a lawyer to do it. It seems to me that these two words are absolutely necessary to make the clause read properly."

* SRI T. C. SRINIVASA AYYANGAR :—"The amendment proposed by the Bill introduces some words into the section where there is already an expression relating to temples. There is the introduction of the words Tirumalai hills area as notified by the Government and so on. I think there ought to be a conjunctive participle in order to connect the two ideas together. It is a case of syntax. To make the meaning perfect the two words are better added."

* THE HON. DR. T. S. S. RAJAN :—"If the hon. Member will accept it, we can put in the word 'and' alone."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—"I accept it, Sir."

The amendment to add the word 'and' after the words 'from time to time' was put and carried.

Clause 2 as amended and clauses 3, 4 and 5 were put and carried.

Clause 6.

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—"Sir, I beg to move the following amendment:—

'Omit *sub-clause (iii) and* renumber *(iv) and (v) as (iii) and (iv) and* add *as sub-clause (v) the following*:—

"(v) the establishment and maintenance of a Hindu orphanage."'

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Mr. President, the reason why I suggest this amendment is this. *Section* 36 of the Act deals with the utilization of the funds. We have got a clause there which says that the funds of the devasthanam may be utilized for all or any of the following purposes: establishment and maintenance of hospitals and dispensaries for the relief of the pilgrims and worshippers visiting the temples, etc. Again here, in the proposed amendment we find a provision for the establishment and maintenance of a hospital. I do not know how these two sections are necessary. Inasmuch as we have already got a provision in sub-section (2) of section 36 for the establishment and maintenance of hospitals and dispensaries I do not see the need for this additional provision. It is unnecessary. That is why I have tabled this amendment. I move."

The amendment was duly seconded.

DR. SIR K. V. REDDI NAYUDU:—" Mr. President, the hospital that is intended to be established on the hills is said to be for the benefit of Hindus generally. It is of course a Hindu temple and I realize that the better part of the funds would have to be spent for the Hindus. But occasionally, along with the Hindu pilgrims a Mussalman or a Christian might be going up the hill though not to the actual temple. As a matter of fact we do not know who these bearers are. Would it not therefore be more appropriate if the word ' Hindu ' is omitted and it is made clear that the hospital is for the benefit of the people visiting the area? There may not be many such. There will be very few, no doubt. But if even one of them is attacked by cholera and if the hospital assistant or the Assistant Surgeon were to say that that man was not a Hindu and therefore he would not treat him, by the time he came down to Tirupati town he might die."

* THE HON. DR. T. S. S. RAJAN:—" Sir, if you see the Act a little more closely, you will notice that the hospital is meant only for the pilgrims visiting the temple. It does not apply to the citizens of the Tirumalai hills. The idea of having a hospital is not only for the benefit of the pilgrims but also for the benefit of the people who are living there. Provision for that is not found in the Act.

" The second thing is this. The point which has been raised by Sir K. V. Reddi Nayudu has already been recognized and that is why it is stated, ' Hindus generally.' May I also draw his attention to the fact that non-Hindus are not permitted either as servants or as anybody else to enter the Tirumalai hills area as the Act stands at present. Therefore the chances of anybody going up there is not there legally.

" It may be possible for anybody to go there *in cognito* and we do not take cognizance of it. It is really Hindus that go there. Harijans even are not permitted on the hills. That is 12 noon.

the present rule. When you say Hindus, generally it would mean Hindus only. Other persons who are not Hindus, would not come within the purview of the term ' generally '."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—" Even the permanent residents of Tirumalai are treated in the devasthanam hospital. All Hindus there are the worshippers of the temple. I do not find any technical objection to my amendment. ' Worshipers ' means Hindus who are worshippers of the Lord of the hills and I think in view of the original section in the Act, the amendment that is proposed by the Government is not necessary."

* THE HON. DR. T. S. S. RAJAN :—" I have clearly stated that, as the proposal stands, there is nothing wrong at all. In fact the Legal Department said that the particular provision does not go beyond the pilgrims. Worshippers may be there; but there are also other people who are not worshippers and who are not pilgrims. What do you do with regard to them? There is a large number of people who are not pilgrims. A population of 3,000 people that has grown on the hills, should be adequately dealt with. You cannot call them worshippers. Therefore the amendment of the hon. Member is not necessary."

The amendment was put and lost.

Clause 6 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried .

Clause 2.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, what was apparently thought to be a mistake is not a mistake at all. The original Act is before me here. It runs like this : ' It applies to the temples specified in Schedule I and the endowments thereof, and the educational institutions specified in Schedule II.' The present Bill proposes to make the following amendment. The section as amended will read as follows :—

> ' It applies to the Tirumalai hills area as notified by the Provincial Government in the official gazette from time to time, the temples specified in Schedule I and the endowments thereof, and the educational institutions specified in Schedule II.'

Since there is a third item after the comma, there is no continuation necessary, as suggested by the hon. Member. The original clause in the Bill now before the House is quite right. There is no mistake. The amendment of Sri Ramakrishna Reddi that was passed should not have been passed and should be withdrawn."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—" Sir, I have no objection to withdraw that amendment."

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* THE HON. SRI C. RAJAGOPALACHARIAR:—" I formally move that the amendment that was adopted to clause 2 of the Bill be deemed to have been withdrawn."

SRI DIWAN BAHADUR T. A. RAMALINGAM CHETTIYAR: —" Sir, when the third reading of the Bill is done, the necessary alterations may be made."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Clause 2 may be re-opened and taken up for consideration now and the necessary amendment made. I move—

> '*that the amendment of Sri Ramakrishna Reddi that was adopted to clause 2 of the Bill be deemed to have been withdrawn and that clause 2 of the Bill as passed by the Assembly shall stand part of the Bill.*' "

The motion was put and carried.

Clause 2 as passed by the Assembly was allowed to stand part of the Bill.

THE HON. DR. T. S. S. RAJAN:—" I move—

> '*that the Bill be passed into law.*' "

The motion was put and carried and the Bill was passed into law.

(4) THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939 (L.A. BILL NO. 10 OF 1939), AS PASSED BY THE ASSEMBLY.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I beg to move—

> '*that the Bill*[a] *for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras (L.A. Bill No.* 10 *of* 1939), *as passed by the Assembly be taken into consideration at once.*'

" Hon. Members have the Bill before them and the statement of Objects and Reasons. The object is mainly to levy a tax on tobacco. As the Bill now stands, the taxes and duties levied may be classified generally in this form, Sir, an *ad valorem* duty on all forms of manufactured tobacco as defined in the Bill, beginning with snuff, bidis, cigars, cigarettes, cheroots, cigarette tobacco and pipe tobacco. These we call manufactured tobacco. There will be a duty on wholesale dealers as well as on retail dealers in this commodity. As regards these forms of tobacco, there would be licences issued to wholesale dealers as well as to retail dealers of manufactured tobacco. Licences to wholesale dealers, manufacturers, brokers or commission agents will be issued on payment of fixed fees. There will be no monopoly vend as in the Bill originally proposed in the Lower House. The Select Committee gave up the monopoly system and substituted

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[a] Printed as Appendix VI on pages 169-183 infra.

instead a tax on the dealers in manufactured tobacco whether wholesale or retail. The tariff is before the House. The tariff *is no doubt not a mere nominal duty or low duty. It is a heavy* tariff as in all countries. Tobacco is one of those commodities which are heavily taxed for revenue purposes. Here also the proposal is that the commodity should be taxed heavily. The matter has been discussed both in the Press and on the platform and in the other House. I think it will be a mere formal reiteration, if I take the House, through all the objections and justifications. However proper it may be for me to take up the time of the House, if I chose to do so. I do not propose to do so as a commonsense man. I hope the House will excuse me for not doing that duty. It would be simply a reiteration of things hon. Members already know. I beg the House to accept the motion that I make that the Bill be taken into consideration without any further explanation on my part."

SRI B. NARAYANASWAMI NAYUDU:—" Sir, I want to know from the Hon. Prime Minister the probable yield of this tax and whether leaf tobacco is sought to be taxed by this Bill. There is what may be called cumulative tax in the Bill. I want to know what the provision in the Bill is with regard to leaf tobacco, whether there is going to be a tax on it. I am unable to understand the provision in this matter. The third point on which I wish to have information is this; suppose there is a wholesale dealer and sub-wholesale dealer, will these two persons be taxed in various stages? This point also is not clear to me from the Bill. I hope the Hon. Prime Minister will make the position clear so that we can make our position also clear in the matter."

* S. K. AHMED MEERAN SAHIB BAHADUR:—" I may also add one point, Sir. I shall be glad if the Hon. Premier will inform us the quantity of tobacco which is exported in the form of leaf and in the form of manufactured tobacco. If he would give us this information, we will be able to understand the position."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I do not think that, from the question which Mr. *Narayanaswami* Nayudu put, he does not understand the matter. I am sorry for not having made the matter clearer, with regard to the forms of tobacco that are to be taxed and with regard to the levy of licence fees. I may say that leaf tobacco as such, is not sought to be taxed. Leaf tobacco as such at any stage, will not be subject to any tax. But large dealers in leaf tobacco will be licensed, as I have already said, on payment of fixed fees. Hon. Members may be aware that tobacco is taxed only if it is manufactured into snuff, bidi, cigar, cigarettes or cheroots and sold or put into pipes and smoked. Mere chewing tobacco will not be taxed. Those who sell chewing tobacco in retail, will not be touched by this

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Bill. Those who sell merely leaf tobacco in their little shops are not going to be touched by this Bill, not even licensed. It is only when any shopkeeper sells snuff, bidis, cigars, cigarettes, cheroots, cigarette tobacco or pipe tobacco, he will come within the pale of this Bill. I shall say it again; whether it is Palghat or Guntur tobacco, if it is chewing tobacco, namely, leaf, however highly scented or costly it may be, it is not touched by this Bill, because we cannot tax a costly leaf tobacco leaving out cheap leaf tobacco. But wholesale dealers as well as retail dealers in the manufactured forms of tobacco that I have mentioned just now, are taxed at all points. In the original Bill, the tobacco monopoly vend system covered all these forms of tobacco sales. In order to meet the wishes of hon. Members, in order to meet representations that were made in this respect and out of very many considerations here mentioned or not mentioned, we have omitted all that from the ambit of the Bill. With regard to the forms of manufactured tobacco that I have mentioned, the taxes levied are given in the Bill. There is one rate for wholesale dealers and another rate for retail dealers. If a man is a wholesale dealer and a retail dealer, he will have to get separate licences. He is not interfered with in his business. He has to keep his licences separate for retail trade and wholesale trade. He has to keep accounts separately for tobacco sold wholesale and in retail. This is the main provision of the Bill. As for leaf tobacco exported, I have told the House already, that it does not come under taxation.

"I now come to the question of revenue and the quantity exported. As regards an estimate of total revenue from a tax on manufactured tobacco exported as snuff or cigars from our country, I cannot give figures just now. But I may say this, that export as such, is not going to be taxed at all. It is only when they are sold, that we are taxing here. Export as such from our Province we are not taxing. If manufactured tobacco is sold in this Province, it will be taxed. As regards the amount of revenue that we expect from the tax on sales both wholesale and retail of all forms of manufactured tobacco such as I have mentioned, it is difficult to say. But it will not be wrong if I say that it will be about Rs. 50 lakhs, if the Bill is properly administered. But I am not sure at all. At present I should be making a conservative estimate of Rs. 30 lakhs, but it is purely guess work because so far as we have statistics, there is no available data to show how many tobacco shops there are in this Presidency, because there has been no form of licence up till now in respect of them. Every shop that sells various articles consumed by the ordinary citizens, even in small towns, has some cigarettes and some bidis. There is absolutely no data available with reference to the number of shops that will fall under the fixed duty that we have put in for the first block and how many will come under

the *ad valorem*. It is difficult to estimate, but we shall be able to tell the hon. Members when next the Budget is presented as to how far our estimates have gone true, how far we have exceeded, and how far our expectations have not been fulfilled. It would then be time for hon. Members to make whatever suggestions that may have to be made in respect of the data available then. But this is the first time that tobacco in our Province is brought under control. In many other Provinces and States, tobacco has been under control to some extent; but not in our Province so far. Hence, I am not able to give more than mere conjectures, and such conjectures as I have with me are hardly in my opinion worth being placed before the House, though they might be coming from officers. I do not wish that they should go into the record of the House for nothing at all, when they are based upon conjectural data."

SRI B. NARAYANASWAMI NAYUDU:—" Mr. President, I thank the Hon. Minister for the information he has given to us. I wish to make certain observations with regard to this Tobacco Bill as to how this Bill touches the very important question of provincial finance.

" Sir, the structure of the Provincial taxation system as inherited by us was first touched upon by the Provincial Government when they wanted to levy a tobacco tax. That of course did not take shape, but even then it was stated that the withdrawal of the proposal was dependent upon the disclosure by Government of the other sources they could look to for meeting their demands. No doubt there have been other previous taxation measures, but those measures were not of a vital character, and therefore I did not have much to say on them. But when we come to the Tobacco Bill, we come at once to one of the most fundamental changes in the provincial taxation system, and that is that we are going to impose a tax on consumption. I do not want to detain the House longer than to indicate what the nature of the Tobacco Bill is. It is not a tax on luxury; tobacco is not a luxury; it is a basic comfort, almost equal to what is called the necessaries of life, though it may be optional in the sense that anybody who does not want to pay need not smoke. The habit has so far grown in this country that it is recognized that it is a basic comfort and therefore this tax is a basic comfort tax. It must be recognized that this basic comfort tax will go on to the poorest homes in the country.

" Another point is that while the rich man who buys cigars for Rs. 10, may have to pay a few pies or an anna more, the poor man who generally gets 5 annas a day will have to pay another pie or more for his tobacco, and so, comparatively, he has to pay more for the consumption of practically the same amount of tobacco. Therefore it is that all Governments have always

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wavered with regard to this taxation, as I will show just now. That is the nature of this tobacco tax.

"I want to make my position quite clear. My first position with regard to the nature of this tax is this: I am not going to say that this tax ought not to be imposed. The entry of this tax into our provincial tax system, I do not wish to oppose; on the other hand, I say it ought to be welcomed. Therefore, there need be no discussion at all on the point as to whether this tax is to be imposed, on theoretical grounds. The tax as such is not to be opposed, though of course the grade or the form in which it is to be imposed is debatable. The entry of the tax as such may be accepted in the first instance, and I am going to accept it.

"There is another matter also which I wish to make clear to the House. In regard to proposals regarding this tax on consumption, it is not based on the question of what may be called the last straw on the back of the camel. We are not coming to it here; if it comes, it will come as the French Revolution came or as, for instance, in the year 1931, the Labour Government was thrown out because it was not able to adjust its budget. The last straw does not come in now. The fact that the tax is necessary does not dispose of the question. The tax being the last straw does not dispose of the question. The real question is, the amount of the tax, the rate of the tax, and whether it is justified in the circumstances of the country—and that is the only test. Therefore, any argument to the effect that we are against the tax or that it is not the last straw or load on the camel or that the camel will not break, that the camel will carry this load cheerfully—all that is beside the point. The only question is, 'What is the amount of the tax; what is the nature of the tax and what is the rate of the tax?' These are the questions that I wish to place before the House in order to enable the House to understand the amendments that I have given notice of.

"On this point, it may be useful to take up the *simile* which has been used by the Hon. the Prime Minister, saying: 'I am kindling a fire; no doubt it is a fire, but it is not a fire that is going to set houses on fire, only fire to make a broth.' We are confident that the Hon. the Prime Minister will no doubt make an excellent broth, but the whole question is, whose chickens are to go into this broth? (The Hon. Dr. T. S. S. Rajan: 'It may not be a chicken broth, but a vegetable broth!') All right, the question is: whose tomatoes are to go into this broth? It may be said that the rich man's chickens would go into the broth. But rich man's or poor man's, how many chickens or tomatoes are to go into the broth now—that is the real question. It is not as though there ought to be what may be called a blank cheque for all the chickens in the country being put into the jug. And

a regular yearly budget is really a broth for the year. The whole question therefore is whether the imposition of this tax on this scale is necessary in spite of the estimates already furnished to this House. This question was also raised in the Assembly, and the Prime Minister seems to have relied upon the statement of Mr. Llyod George in his speech in the year 1909."

THE HON. SRI C. RAJAGOPALACHARIAR:—" I have not relied on Mr. Lloyd George's statement, Sir; it has nothing to do with this, and certainly not with the present Bill. I relied on the principles and not the statement."

SRI B. NARAYANASWAMI NAYUDU:—" The principle is this: the question was raised whether the Government was entitled to raise taxation which was not authorized by the estimates. I am going to raise this question of principle here, and with a full sense of my responsibility. Therefore it is I am saying that the principle of this taxation has to be thrashed out and absolutely and thoroughly gone into. With regard to the Sales Tax Bill as well as this Bill, the question does arise: 'Are the tomatoes demanded by this measure necessary, or are the chickens to be cooked and simply kept by the cook in the store room for use in the next year?' If the latter, the cook has no right to take them now. That is the position which I wanted to explain . . . "

THE HON. SRI C. RAJAGOPALACHARIAR:—" The broth idea was not in connexion with Mr. Lloyd George's principles; the broth idea was connected with unnecessary apprehensions. Mr. Lloyd George's principles did not apply to the broth. It will be terrible if this broth is overdone."

SRI B. NARAYANASWAMI NAYUDU:—" My position is this: A certain passage in Mr. Lloyd George's speech has been quoted. It is this:

> 'It is far better, as well as bolder, therefore that we should frankly examine the financial outlook and make provision not merely for the ascertained needs of the year but for the further and increased liabilities which are not merely in sight, but to which the Government and Parliament are definitely and irrevocably committed.'

I suppose that is the quotation that was made in the Lower House. I agree there. There is no doubt about it. In choosing the tobacco tax, the Government have chosen a tax which will be yielding not only for the present year, but which may be capable of expansion in course of time for services to be rendered by the Government. The quotation definitely says:

> 'It is far better to examine the financial outlook and make provision not merely for the ascertained needs of the year but for the further and increased liabilities which are not merely in sight, but to which the Government and Parliament are irrevocably committed.'

But the position is not answered there at all. You have no doubt the right to choose the tax which would automatically increase and meet the commitments of the Government. But so far

as the Budget of the year is concerned, it does not relieve you of the estimates contained in the Budget for the present **year.** That is what is contained in Mr. Lloyd George's statement, in the very speech of his which has been quoted. We find later on—

> 'The first principle on which I base my financial proposals is this: that the taxation which I suggest should be imposed, while yielding in the present year not more than sufficient to meet this year's requirements, should be of such a character that it will produce enough revenue in the second year to cover the whole of our *estimated liabilities for that year*.'

Therefore, the fundamental basis of the limitation of the demand has been made clear, here, viz.:—

> 'yielding in the present year not more than sufficient to meet this year's requirements.'

Therefore, I say the House has been presented with estimates to a certain extent and the House has been informed that certain amounts were required, in the Budget. You may now choose the measure which would bring you the required amount in the course of this year or in the next year; but how are you entitled to impose taxation which is not necessary for this Budget year? My submission is that Mr. Lloyd George does not say so. You may raise taxes for the next year, but not for this year. In fact, one Chancellor of the Exchequer of England—Lord Snowden who was Chancellor for four years in England, whose authority can be accepted—has stated like this:

> 'I have much sympathy with the dictum that any Chancellor of the Exchequer who had surplus of more than half a crown ought to be put in prison for obtaining money from the tax-payer by false pretences.'

That is the position which was taken by the Chancellor. You have no business to go to the tax-payer for anything that is not necessary now. Of course, as a prudent financier, you may estimate the surplus, but you cannot budget for that surplus. You have no right whatever to take anything from the tax-payer which you do not require this year. Therefore it is that I ask the Hon. the Prime Minister, 'what is the estimated income?' We have before us four taxes already, the estimated yield of which is already known to the Treasury. The objection is not, I may repeat, to the entry of this tax or some such thing, but the objection is mainly this: Are the Government justified in imposing a 10 per cent tax on this commodity? I leave it there, because I have got an amendment with regard to this point. I wanted merely to make my position clear now on the question whether the Government are justified in getting so much tax from this measure without laying before this House their proposals in regard to it. It is the primary function of this House to vote money not for the purpose of being put in the kitchen room for the preparation of the broth that may be prepared later on but only for the broth for this year. Therefore, Sir, these considerations should be borne

in mind, and the House should deal with the amendments that I have given notice of, in the light of these observations."

12-30 p.m. * S. K. AHMED MEERAN SAHIB BAHADUR:—" MR President, at this stage I would like to point out one or two things. I requested the Hon. the Premier at the very outset to give us an estimate of the value of the exported manufactured tobacco. I know they are not going to tax exported manufactured tobacco as an export, but when the manufactured tobacco is ultimately exported out of this country, it passes through so many hands. My object in putting the question was to know how it is going to affect the trade and whether the Indian manufacturer here of manufactured tobacco is going to get the market as before, or whether he will be affected seriously by this taxation on account of the competition which he has to face in other countries where manufactured tobacco of other countries is sent. I am sorry to say I have not been able to get any data. Anyhow, if I understand the matter correctly, I say subject to correction of course, that the exported value of the manufactured tobacco, or at least the whole of the tobacco, comes to $1\frac{1}{2}$ crores. If I remember aright this is the statement of an hon. Member of the Legislative Assembly in the course of his article in the press. I know also as a matter of fact that large quantities of bidis are exported from this country to Burma and other places and I also know large quantities of high class cigars are manufactured and sent to countries outside India and they have to compete with the cigars manufactured and sent to those places from other countries. I expected this Government, before introducing a fiscal legislation—though it is good and we require revenue—would have told us whether our foreign trade would be affected by it or not; or in case it is affected, they should show at least some special concession for such of those commodities or kinds of manufactured tobacco which will be affected by it. There is, Sir, in the sales tax Bill provision for rebate with regard to certain goods which are exported and I consider there should be some such provision here and in the absence of any such provision and in the absence of data as to how this export trade of manufactured tobacco will be affected, I do not think it is right on the part of the Government to take leap in the dark on such a vital question as this. Of course, this does not mean that I oppose the measure as such. I know tobacco is taxed in almost all the civilized countries and I am not against its being taxed, but my point is, you must take stock of the position before doing so; simply because manufactured tobacco is being taxed in all countries, it does not mean we must tax manufactured tobacco here, irrespective of the conditions existing here and irrespective of whether particular kinds of manufactured tobacco will be hard hit and how it is going to affect the trade. We must go into all these things before thinking of this tax.

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"Then, Sir, I would like to say another thing at this stage and that is this. Of course almost all the civilized countries tax this tobacco, though it may be due to various reasons. It may be because it is considered to be a luxury, or it may be considered as a vice or a poison which has to be taxed just as other countries tax drink and other alcoholic liquors. But the position here is, we have taken up the attitude that liquor ought not to be taxed and the Government machinery and hospitals and educational institutions should not run on the revenues of such a liquor. In my humble opinion, I think, the taxing of tobacco for replenishing the loss of revenue also offends the same principle, because we are taxing one vice instead of another vice and I know this is the lesser of the two evils and I am willing to admit that. The principle that we ought not to run hospitals and schools from the revenue from excise and from the tax on the poor, applies to a very, very large extent to this tax on tobacco because you are trying to replenish the loss sustained in excise revenue by this tax. Of course, I read in the newspapers that our Premier was also of the same opinion and he later changed it because he sought advice elsewhere. Anyhow, I am not saying that it ought not to be taxed because I am willing to admit this as being the lesser of the two evils. At the same time, Sir, this Government have also initiated a principle that the burden of this tax should be shifted. So far, Sir, the poor people have borne a large portion of taxation whereas the rich people have not borne their due share. In this case there is indiscriminate taxation of the rich and the poor. There are very many poor people for whom this Government have all sympathy, who use bidis and snuff which are taxed. Sir, bidis are sold at two for a pie and they are used mainly by the poorest of the lot; and there are also cheroots which can be had at one for a pie. I can understand taxation of costly cigars and costly cigarettes which are used by the rich and middle-class people. I am sure my statement will not be contradicted when I say that bidis are used not by the rich but by the poorest of the people. I can also say that cheroots and the lowest varieties of cigars are used only by the poor. For them I cannot say this is a luxury; nor can the Government say that it is a luxury for these poor people, because it is so easy for him to spend ¼ anna or ½ anna for bidis or snuff per day; in that sense it is not luxury to them. Even assuming, Sir, it is a luxury, we cannot tax these poor people to get some revenue. I can understand that instead of doing this, you prevent them from smoking bidis altogether, just as this Government are doing with regard to liquor. Even though they forego a large portion of the revenue they should not tax it but they should abolish or prevent it because it is a vice. The principle should be that we should not tax these people though it be a vice and thereby get some revenue in order to replenish the loss sustained from another source. These are the general observations of mine and I

shall place my views on the other questions when the amendments are taken up for discussion."

KHAN BAHADUR T. M. MOIDU SAHIB BAHADUR:—"Mr. President, I think I must congratulate the Hon. the Premier for exempting leaf tobacco from the purview of this taxation measure. In the same manner I appeal to him to exempt cheroots and bidis, because it affects the bulk of the population of this Presidency and I know that in Malabar this tobacco habit has become such a common thing with the poor people and even the poorest of men want smoking; they get two cigars for one pie or two or three bidis and it is not at all costly. This is a necessity for the poor people. Now that the Government have launched on this prohibition policy the poor people naturally want to have something as a substitute though not by way of recreation or as a thing that is very pleasant and they cannot do without smoke."

MR. J. A. SALDANHA:—"I request the hon. Member to speak through the microphone, Sir, because we cannot hear him properly"

KHAN BAHADUR T. M. MOIDU SAHIB BAHADUR:—"Sir, I have seen some officers both Indian and European doing their office work with cigar or cigarette in their mouth for they cannot do their work without smoking. The same is the case with the poor people for they require some such stimulant. I thank the Hon. the Prime Minister for exempting leaf tobacco because I know the poorest of the poor in Malabar and Telugu districts use it and in fact some years ago I have seen even ladies smoking—they smoke in a different way by putting the lighted part inside the mouth and I have seen it with my own eyes. This is a tax to cover up the deficit in excise revenue and when that deficit will be covered by the sales tax, I do not know what the motive of the Government is in bringing in this legislation, especially in view of the fact that it was rejected by the then Legislative Council and withdrawn by the mover. Is it because the Congress Government want money that they want to introduce it? If that is the case, they have got more than enough, I was told, by means of the general sales tax. I was told it would be somewhere about 40 to 50 crores—though not immediately, they will get that ultimately—whereas this Tobacco Bill will bring in only a small amount of money. Since the Telugu districts which produce a major portion of the tobacco will be seriously affected by this legislation, I request the Hon. the Premier to exempt snuff and low price cheroots from the operation of this Bill. With these remarks I leave it to the entire House."

* SRI RAO BAHADUR M. RAMAKRIHSNA REDDI:—"Mr. President, I heartily thank the Hon. the Premier for excluding leaf tobacco from the operation of this Bill for it is a well-known fact that the poorest in the Province are making use of it very

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freely. Some of them can afford to live even without food for a day or two, but they cannot do without chewing. Therefore I feel that the Hon. Premier has done an excellent thing in excluding leaf tobacco from the scope of the Bill. But, Sir, I feel that at present in this Province the tobacco trade is not well-organized and as such the proposed tax will hit it hard. The question that has been troubling me is, whom it is going to affect, whether it is the grower or the consumer. After great deliberation I feel that both of them are affected by this Bill at present. Already the middleman is going to the grower and telling him, ' Look here, we have to pay the tax hereafter on tobacco; you cannot expect the old price for your produce and so you must reduce it somehow or other; otherwise we are not going to find a market for your produce and so on.' In that way, they are indirectly reduc- 12-4
ing the cost of tobacco so far as the growers are concerned. At p.m
the other end, they tell the consumer that they have to pay the tax and they increase the prices. I honestly feel that the middlemen are going to make much profit at the expense of the growers and the consumers. The effect of the Bill is that the grower and the consumer will be put to loss. I do not know whether there is any provision in the Bill to prevent the middlemen making inordinate profits by misrepresenting things in an unreasonable way to the growers and the consumers.

" One thing has to be admitted on all hands and that is that in the Northern Circars and the Ceded districts the young and the old, men and women, to whatever status they may belong, smoke. Be he a rich man, a labourer working in the fields or a woman doing domestic duties at home, they smoke. I know, Sir, as far as my knowledge of my district goes that that is the only luxury, that the poor men enjoy. The poor labourer comes out of the field and has a quiet smoke for a minute or two. He finds some pleasure from it and that in fact is the only luxury that he could enjoy. In the case of the middle-class people, they use snuff and that is a sort of luxury for them, perhaps the only one. I honestly feel that this tax is going to affect the labouring classes, the peasants and the villagers. As my hon. Friend, Mr. Moidoo suggested, it will be fair and reasonable to exempt at least snuff and bidis from the tax. You may tax the other costly things but so far as these two things are concerned, they should be exempt from taxation. I feel that you will be doing an immense service to them by exempting these articles from the operation of the Act.

" The one peculiar thing that obtains in my district and in the Ceded districts is that during the harvest season poor women in the villages, some half a dozen or so of them, take a small basketful of tobacco products, leaf tobacco, bidis and cigars and go to the thrashing fields and sell them in exchange for ragi or paddy or whatever grain the labourers give them. They carry on such trade during the harvest season and remain quiet

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for the remaining period. This thing obtains in our district and I do not know whether the same thing obtains in the Northern Circars. The licensing provision of this Bill will apply to their case. I will earnestly appeal to the Hon. the Minister to exempt such cases. Their total stock will cost a rupee or two and is contained in a small basket. It would be very hard if they are brought under the purview of the Bill. I submit that they are not doing the trade all the year round; they only carry on this trade for a month or two and the value of their stock is very limited. If they have to take out a licence, I submit it will be a very great difficulty for them. They are very poor and illiterate and it would not be fair to put them to this difficulty. At least for such people, I would plead for an exemption. We see that their stock is of a very limited value. Their case deserves sympathetic consideration and I earnestly plead that they may be exempted.

"There can be no objection to the provisions applying to the finer and costlier varieties of tobacco but so far as bidis, cheroots and snuff are concerned, an exemption from the operation of the Act should be given to them."

* MR. J. A. SALDANHA:—"I protest against the principle of the Bill on four grounds.

"The first is based on the arguments of my hon. Friend that the tobacco products used by the poor who derive only pleasure from it should be exempted from the operation of the Bill. It is a fact well known that Mangalore is famous for its snuff and bidis and this is exported in large quantities. As it will disturb the trade economy of my district, I strongly support the plea raised by my hon. Friend that these articles should be exempt from the provisions of the Act.

"The second point is that which has been raised by my hon. Friend, Mr. Narayanaswami Nayudu, and which has been urged by me at least once before, and that is the reckless policy pursued by a bankrupt Government for purposes of raising taxation without any idea of what revenue they can derive and the possible plans they have in respect of the extension of Prohibition. They have no plan; at any rate, we do not know what their plans—say for the next five years—are. We do not know what loss they are going to incur for the next year or for the next five years; what we see is that Bills are introduced and taxes are levied to replenish a deflated treasury. There is one principle that I want to refer to. Even in the case of the Land Revenue Bill that was brought in by the last Government—Land revenue was not then a transferred subject but one which was administered by an Executive Council Member—there was a provision to the effect that that rate of incidence of land assessment was to be fixed in the Finance Bill that was to be passed every year. I think the

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Hon. the Revenue Minister also gave us an assurance that he would in his Bill fix the land revenue in each year in a Finance Bill. The general principles of land revenue will be there but what the rate should be would be brought in the form of a Finance Bill."

THE HON. SRI T. PRAKASAM :—" I did not make any such statement."

* MR. J. A. SALDANHA :—" If so, I should have heard it from some other Congress member. But anyhow I remember it was made by a person in authority.

" At any rate, if that principle is not going to be incorporated in his Bill, if ever he were to bring in such a one, it would be very vehemently opposed by us. I hope that the provision for fixing the rate for each year by means of a Bill will be borne in mind by the Government. I refer to that Bill, though it may seem not quite relevant to the Bill under consideration, only to point out the fact the fundamental canon of raising revenue by fixing the rate from year to year was accepted there, but not here wherein they fix the rate for all time. This is opposed to all sound principles of taxation. I hope that the Bill should be recast so as to embody this principle. Not only this Bill, it should be done in the case of all taxing Bills introduced by the Government.

" Sir, the third point is that the fixing of taxation on the sales will involve much harassment and I would like to ask the Government whether they could not conceive of any idea whereby the taxes could be fixed on the basis of the quantity of tobacco by the measure or the weight of the tobacco sold. It will be very easy to find out the quantity of the tobacco and you may tax them to whatever extent you like. As matters stand, it would be very difficult to appraise the value and it is just possible that books can be cooked up and prepared for the benefit of the tax-collector, just as it is being done for presentation to the income-tax authorities. Such things only go to increase the evil and there is the temptation to prepare false accounts under the provision which insists upon the maintenance of accounts by the manufacturers. Of course that will provide employment for a number of unemployed people. But at whose expense will those people have been found employment? It will be at the expense of the poor producer. Therefore, my proposal is that the tax should be levied on the basis of quantity. I hope that this suggestion will be carried out, if not now, at least in the future. I only hope that saner counsels will prevail with the Government and that this Government will put a stop to the evils and difficulties of this Bill."

The House then adjourned to meet again at 11 a.m. the next day.

APPENDIX I.

[*Vide* answer to starred question No. 245 asked by Sri Rao Bahadur N. R. Samiappa Mudaliyar at the meeting of the Legislative Council held on the 12th May 1939, page 125 supra.]

G.O. No. 744, P.H., dated 28th February 1939.

The President, Negapatam Circle Temple Committee, dismissed the trustees appointed under a scheme framed by the Hindu Religious Endowments Board in pursuance of section 57 of the Act in respect of the non-excepted temples of Sri Arunachaleswarar and Sri Ranganatha Perumal at Keelayur and Sri Theagarajaswami at Tiruvaimoor in pursuance of action taken under section 53 of the Act at the instance of the Board. The Board cancelled the order of dismissal passed by the committee on an appeal by the trustees concerned, on the ground that the committee has no jurisdiction to dismiss the trustees appointed by the Board. The President, Negapatam Circle Temple Committee, has raised the following questions in this connexion :—

(1) whether in a scheme framed by the Hindu Religious Endowments Board under section 57 of the Act for the management of a temple, the Board can reserve to itself the power of appointing its trustees which is vested in a committee under section 51 of the Act ;

(2) whether the Board is correct in holding the view that the committee has no power to dismiss trustees appointed by the Board ; and

(3) when the Board directed the committee to act under section 53 of the Act, there is no point in stating that the act of the committee in removing the trustees is *ultra vires*.

The President, Hindu Religious Endowments Board, contends that (1) under section 57 (1) (*c*) of the Act, the Board can take power to itself to appoint trustees, (2) with reference to a decision of the Privy Council (M.L.J. 515), the authority which makes the

appointment is the only authority competent to remove or dismiss the person appointed, and (3) that the committee should only enquire into the matter and not take action under section 53.

2. The Government now proceed to pass the following orders on the issues raised above :—

(1) The Hindu Religious Endowments Board has power under section 57 of the Act when settling a scheme for a temple to appoint new trustees in addition to, or in lieu of, existing trustees.

(2) Section 53 of the Act is quite general and applies to all trustees of non-excepted temples including those appointed under a scheme framed by the Board in pursuance of section 57. Section 16 of the General Clauses Act, 1897, has no application to the interpretation of a Provincial Act, which moreover contains a specific provision in section 53 vesting the committee with powers of removing and dismissing trustees. The Privy Council decision referred to by the President, Hindu Religious Endowments Board, was based on a specific provision in the old Government of India Act laying down that a Government officer should not be removed from office by an authority subordinate to that by which he was appointed ; and hence it cannot apply to a case governed by the Hindu Religious Endowments Act, 1926.

3. The action of the Board in cancelling the dismissal order of the trustees by the committee is therefore not in order.

(By order of His Excellency the Governor)

C. H. Masterman,
Secretary to Government.

To the President, Hindu Religious Endowments Board.
,, the President, Negapatam Circle Temple Committee.
,, all Presidents of Circle Temple Committees.

APPENDIX II.

[Vide answer to starred question No. 252 asked by Sri Rao Bahadur N. R. Samiappa Mudaliyar at the meeting of the Legislative Council held on the 12th May 1939, page 131 supra.]

G.O. Ms. No. 967, P.H., dated 10th March 1938.

[Licence—Mudikondan Panchayat—Rice mill of S. N. Subrahmanya Ayyar—Panchayat Board directed to grant permission.]

READ—the following papers:—

G.O. No. 2619, P.H., dated 13th October 1937.

From S. N. Subrahmanya Ayyar, Mudikondan, dated 16th October 1937.

From the Collector of Tanjore, dated 21st January 1938, D. Dis. No. 15702/37-G-3.

From the Director of Town-Planning, dated 21st February 1938, No. 309/38.

Order—Ms. No. 967, P.H., dated 10th March 1938.

In modification of the orders in G.O. No. 2619, P.H., dated 13th October 1937, and in exercise of the powers conferred by section 196 of the Madras Local Boards Act, 1920, the Government hereby direct the Mudikondan Panchayat Board to grant permission to Mr. S. N. Subrahmanya Ayyar for the erection of a rice mill on the site proposed by him in R.S. No. 201-1, nattam poramboke, subject to the following conditions:—

(1) that the power of the mill should not exceed 15 h.p.;

(2) that it should be worked by electricity; and

(3) that chillies, soap-nuts and other substances which produce strong irritating odours during the process of grinding should not be ground in the mill.

(By order of His Excellency the Governor)

C. H. MASTERMAN,
Secretary to Government.

To the Petitioner (through the President, Panchayat Board, Mudikondan).
" President, Panchayat Board, Mudikondan (through the President, District Board, East Tanjore).
" President, District Board, Tanjore.
" Director of Public Health.
" Director of Town-Planning.

APPENDIX III.

[Vide item 11 (1) at page 138 supra]

L.A. BILL No. 12 OF 1939.

(As passed by the Assembly)

A Bill further to amend the Madras Borstal Schools Act, 1925, for a certain purpose.

ras Act f 1926. WHEREAS it is expedient further to amend the Madras Borstal Schools Act, 1925, for the purpose hereinafter appearing; It is hereby enacted as follows:—

Short title. 1. This Act may be called the Madras Borstal Schools (Amendment) Act, 1939.

Insertion of new section 10-A in Madras Act V of 1926. ras Act 1926. 2. After section 10 of the Madras Borstal Schools Act, 1925, the following section shall be inserted, namely:—

Power of Provincial Government to transfer offenders sentenced to transportation to Borstal schools. "10-A. The Provincial Government may, if satisfied that any offender who has been sentenced to transportation either before or after the passing of the Madras Borstal Schools (Amendment) Act, 1939, and who at the time of conviction was not less than 16 nor more than 21 years of age, might with advantage be detained in a Borstal school, direct that such offender shall be transferred to a Borstal school, there to serve the whole or any part of the unexpired residue of his sentence. The provisions of this Act shall apply to such offender as if he had been originally sentenced to detention in a Borstal school.

An order may be made under this section notwithstanding that the sentence of transportation has been subsequently commuted into a sentence of imprisonment."

APPENDIX IV.

[Vide item II (2) at page 139 supra]

L.A. BILL No. 13 OF 1939.

(As passed by the Assembly.)

A Bill to amend the Madras Maternity Benefit Act, 1934, for certain purposes.

WHEREAS it is expedient to amend the Madras Maternity Benefit Act, 1934, for the purposes hereinafter appearing; It is hereby enacted as follows:— Madr VI o:

Short title. 1. This Act may be called the Madras Maternity Benefit (Amendment) Act, 1939.

Amendment of section 5, Madras Act VI of 1935. 2. In section 5 of the Madras Maternity Benefit Act, 1934 (hereinafter referred to as the said Act), for the proviso to sub-section (1), the following proviso shall be substituted, namely:— Madr VI of

"Provided that a woman shall not be entitled to maternity benefit unless she has been employed in any factory or factories of the employer from whom she claims maternity benefit, for not less than two hundred and forty days within a period of one year immediately preceding the date on which she gives notice under sub-section (1) of section 6."

Amendment of section 8, Madras Act VI of 1935. 3. In clause (*a*) of sub-section (2) of section 8 of the said Act, for the words "three months before her confinement," the words "five months before her confinement" shall be substituted.

APPENDIX V.

[Vide item II (5) at page 139 supra]

L.A. BILL No. 14 OF 1939.

(As passed by the Assembly)

A Bill to amend the Tirumalai-Tirupati Devasthanams Act, 1932, for certain purposes.

Madras Act XIX of 1933.

WHEREAS it is expedient to amend the Tirumalai-Tirupati Devasthanams Act, 1932, for the purposes hereinafter appearing; It is hereby enacted as follows:—

Short title.

1. This Act may be called the Tirumalai-Tirupati Devasthanams (Amendment) Act, 1939.

Amendment of section 1, Madras Act XIX of 1933.

Madras Act XIX of 1933.

2. In sub-section (2) of section 1 of the Tirumalai-Tirupati Devasthanams Act, 1932 (hereinafter referred to as the said Act), after the words "applies to" the words "the Tirumalai Hills area as notified by the Provincial Government in the Official Gazette from time to time," shall be inserted.

Amendment of section 4, Madras Act XIX of 1933.

3. In section 4 of the said Act—

(i) the word "and" at the end of clause (xi) shall be omitted; and

(ii) after clause (xii), the following shall be added, namely:—

"and

(xiii) 'Tirumalai Hills area' means the area notified as such under sub-section (2) of section 1."

Insertion of new Chapter V-A in Madras Act XIX of 1933.

4. After Chapter V of the said Act, the following Chapter shall be inserted, namely:—

"CHAPTER V-A.—SANITARY CONTROL, ETC., OF THE TIRUMALAI HILLS AREA.

Madras Act XIV of 1920 and other enactments relating to public health to apply to Tirumalai Hills area subject to specified modifications and restrictions.

Madras Act XIV of 1920

35-A. The Provincial Government may, by notification in the Official Gazette, direct that the provisions of the Madras Local Boards Act, 1920, or of any other enactment for the time being in force in the Province of Madras and relating to public health, shall apply to the Tirumalai Hills area only to such extent and subject to such modifications and restrictions as may be specified in the notification. In particular, the notification may authorize the Commissioner, in the Tirumalai Hills area, to perform the

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duties and exercise the powers assigned to a panchayat and its president or to any other authority or officer under the provisions so applied, subject to such control as may be specified in the notification."

Amendment of section 36, Madras Act XIX of 1933.

5. In section 36 of the said Act, clauses (v) and (vi) shall be re-numbered as clauses (vii) and (viii) respectively, and after clause (iv), the following clauses shall be inserted, namely:—

"(v) the establishment and maintenance of a veterinary hospital for the animals of the devasthanams;

(vi) the acquisition of any lands or other immovable property, which is authorized by the Provincial Government;"

Amendment of section 37, Madras Act XIX of 1933.

6. In sub-section (1) of section 37 of the said Act—

(i) the word "and" at the end of clause (ii) shall be omitted;

(ii) clause (iii) shall be re-numbered as clause (vi); and

(iii) after clause (ii), the following shall be inserted, namely:—

"(iii) the establishment and maintenance of a hospital for the benefit of Hindus generally;

(iv) the establishment and maintenance of an asylum for Hindu lepers;

(v) the construction and maintenance of a poor home for destitute persons professing the Hindu religion who are physically disabled and helpless; and".

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APPENDIX VI.

[Vide item 11 (4) at page 149 supra]

L.A. BILL No. 10 OF 1939.

(As passed by the Assembly)

A Bill for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras.

WHEREAS it is expedient to provide for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras; It is hereby enacted as follows:— Preamble.

1. (1) This Act may be called the Madras Tobacco (Taxation of Sales and Licensing) Act, 1939. Short title, extent and commencement.

(2) It extends to the whole of the Province of Madras.

(3) This section shall come into force at once, and the Provincial Government may from time to time by notification in the Official Gazette apply all or any of the remaining provisions of this Act to the whole or any portion of the Province of Madras from such date as may be specified in the notification, and may cancel or modify any such notification.

2. In this Act, unless there is anything repugnant in the subject or context— Definitions.

(1) " broker " or " commission agent " means a person who in the ordinary course of his business negotiates and makes contracts for the sale or purchase of tobacco for others;

(2) " Collector " means the Collector of the district and includes any person appointed by the Provincial Government under section 15 to exercise all or any of the powers or to perform all or any of the duties of a Collector under this Act;

(3) " Commissioner " means a member of the Board of Revenue or other officer appointed by the Provincial Government to exercise the powers and perform the duties of the Commissioner under this Act;

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(4) " grower " means a person who grows tobacco in the Province of Madras, by his own labour or by that of the members of his household or of his servants, or by tenants, but does not include a firm or association registered under the Indian Companies Act, 1913, which grows tobacco, or an association of growers registered or deemed to be registered under the Madras Co-operative Societies Act, 1932; VII of 1913. Madras VI of 1

(5) " leaf " includes the stalks and stem of the tobacco plant;

(6) " licensee " means any person to whom a licence is granted under this Act;

(7) " Magistrate " means a Presidency Magistrate, a Magistrate of the first or second class, or a Magistrate of the third class specially authorized in this behalf by the District Magistrate;

(8) " manufactured tobacco " means cigars, cheroots, cigarettes, cigarette tobacco, pipe tobacco, bidis and snuff, but does not include any preparation or mixture of tobacco intended for a further process of manufacture;

(9) " manufacturer " means a person who manufactures by machinery or manual labour " manufactured tobacco " or any preparation or mixture of tobacco intended for a further process of manufacture;

(10) " place " includes a house, building, shed, bunk, shop, tent, vehicle, and vessel;

(11) " prescribed " means prescribed by rules made under this Act;

(12) " retail dealer " means a person licensed to sell tobacco in retail under the provisions of this Act;

(13) " retail sale " means a sale of tobacco for the purpose of consumption by the person by whom or on whose behalf it is or may be purchased and the expression " sell in retail " shall be construed accordingly:

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Provided that any sale of tobacco by a retail dealer shall be presumed to be a retail sale unless the retail dealer concerned proves that the sale was not a retail sale.

(14) " sale " or " selling " includes any transfer otherwise than by way of gift;

Explanation.—A sale by a co-operative society or a club, a firm or any association to its members is a sale within the meaning of this clause.

(15) " tobacco " includes manufactured tobacco, cured and uncured tobacco, any preparation or mixture of tobacco, and the leaf of the tobacco plant;

(16) " Tobacco Officer " means any person appointed under section 16;

(17) " tobacco revenue " means revenue derived or derivable from any tax, fee, fine or confiscation levied, imposed or ordered, and all sums accruing to the Provincial Government, under the provisions of this Act;

(18) " turnover " means the aggregate amount for which tobacco is sold, whether for cash or for deferred payment or other valuable consideration;

(19) " wholesale dealer " means a person who buys or sells tobacco for the purpose of trade or manufacture;

(20) " wholesale sale " means a sale of tobacco to traders in, or manufacturers of, that commodity for the purpose of trade or manufacture, and the expression " sell wholesale " shall be construed accordingly; and

(21) " year " means the financial year.

Prohibition of sale of tobacco without licence.

3. (1) Save as provided in this Act, no person shall sell or expose for sale any manufactured tobacco in retail or sell tobacco in any form wholesale or otherwise carry on business as a wholesale dealer, manufacturer, broker or commission agent except under the

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authority, and in accordance with the terms and conditions, of a licence granted by the Collector under this Act:

Provided that a grower may, without licence or restriction, sell as leaf any tobacco grown by him, or grown and cured by him for the purpose of marketing it as leaf.

Explanation I.—The supply of tobacco by a club to its members or by a hotel to its guests or customers on payment of any price, fee or subscription, is a sale of tobacco within the meaning of this sub-section.

Explanation II.—The sale by a manufacturer of tobacco manufactured by him, whether by wholesale sale or by retail sale, is a sale of tobacco within the meaning of this sub-section.

(2) A licensed wholesale dealer, manufacturer, broker or commission agent shall not sell manufactured tobacco in retail, unless he has been granted a separate licence as a retail dealer.

Tax on turnover of retail and wholesale dealers.

4. (1) Every retail dealer shall pay a tax in each year on his retail sales of manufactured tobacco at the rates specified below in respect of his turnover as determined in accordance with the rules made under sub-section (3):

(*a*) If such turnover does not exceed two hundred rupees.	Six rupees.
(*b*) If such turnover exceeds two hundred rupees but does not exceed four hundred rupees.	Twelve rupees.
(*c*) If such turnover exceeds four hundred rupees.	Three per cent on the first four hundred rupees of the turnover and ten per cent on the remainder of the turnover.

(2) Every wholesale dealer shall pay a tax in each year on his wholesale sales of manufactured tobacco at the rate of two per cent calculated on his turnover as determined in accordance with the rules made under sub-section (3):

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Provided that the tax under this sub-section shall not be levied on any person who prepares manufactured tobacco of value not exceeding one thousand rupees in a year for the purpose of supplying to wholesale dealers.

(3) The turnover and tax mentioned in sub-section (1) and sub-section (2) shall be determined, assessed and collected in accordance with such rules as may be made in that behalf.

Licence fees.

5. (1) No fee shall be levied for the grant of a retail dealer's licence. In respect of every licence granted to a wholesale dealer, manufacturer, broker or commission agent, there shall be levied on the licensee an annual fee as specified in the table below :—

		Fee.
(i) Any wholesale dealer who sells or buys tobacco leaf cured or uncured or any preparation or mixture of tobacco (not being manufactured tobacco) for trade therein or for conversion into manufactured tobacco ..	..	One hundred rupees.
Provided that the Collector may issue a licence to any person who deals on a small scale—		
(a) if his turnover is estimated at less than one thousand rupees per annum ..	on a fee of five rupees per annum.	
(b) if his turnover is estimated at one thousand rupees or above, but at less than three thousand rupees	on a fee of ten rupees per annum.	

	Fee.	
(ii) Any other wholesale dealer, not being a manufacturer governed by item (iii) below ..	Fifty rupees.	
(iii) (*a*) Any manufacturer to whose premises the Factories Act, 1934, applies or has been extended and in whose premises 200 or more workers are working or were working on any day of the preceding twelve months. ..	One hundred rupees.	XXV of 1934.
(*b*) Any other manufacturer to whose premises the Factories Act, 1934, applies or has been extended	Fifty rupees.	XXV of 1934.
(*c*) Any manufacturer to whose premises the Factories Act, 1934, does not apply, and has not been extended	Two rupees.	XXV of 1934.
(iv) A broker or commission agent	Fifty rupees.	

Provided that any wholesale dealer or manufacturer being a wholesale dealer, who pays a turnover tax under sub-section (2) of section 4 shall for each licence granted to him under item (i), (ii), (iii) (*a*) or (iii) (*b*) above be charged an annual fee of ten rupees instead of the fee specified in that item.

(2) The Provincial Government may, from time to time, by notification, alter all or any of the fees specified in sub-section (1), but no such notification shall come into force unless the same is approved by a resolution of the Legislative Assembly.

Possession of tobacco in excess of the quantity prescribed by Government prohibited.

6. No person other than a grower or a licensee under this Act, shall have in his possession any quantity of tobacco in excess of such quantity as the Provincial Government may from time to time prescribe in respect of all or any of the varieties thereof.

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7. Every licence under this Act shall be granted— Form and conditions of licences, etc.

(*a*) for such area, if any,

(*b*) for such period,

(*c*) subject to such restrictions and on such conditions, and

(*d*) in such form and containing such particulars,

as the Provincial Government may, by general or special order, direct.

8. Where a licensee has more than one shop or place of business, whether in the same town or village or in different towns and villages, he shall obtain a separate licence in respect of each such shop or place of business. Separate licence for each shop or place of business.

9. Every licensee shall, if so required, execute a counterpart agreement in conformity with the tenor of his licence, and give such security for the performance of his agreement as the Collector may require. Counterpart agreement to be executed by licensee.

10. (1) The Collector may cancel or suspend any licence granted under this Act— Power to recall licence, etc.

(*a*) if any tax, fee or other due payable in respect of such licence be not duly paid; or

(*b*) if the holder of such licence fails to keep the prescribed accounts or to submit the prescribed returns or if the returns submitted by him are incorrect or incomplete; or

(*c*) in the event of any breach by the holder of such licence or by his agents or servants or by anyone acting with his express or implied permission on his behalf, of any of the terms or conditions of such licence; or

(*d*) if the holder of such licence is convicted of any offence against this Act or any other Revenue Law, or of any cognizable and non-bailable offence under the Indian Penal Code; or ; XLV of 0.

(*e*) if the conditions of such licence provide for the cancellation or suspension thereof for any other reason.

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(2) Where a licence is cancelled or suspended under sub-section (1), the holder of the licence shall not be entitled to claim from the Provincial Government any compensation for such cancellation or suspension, nor shall such holder be entitled to claim the refund of any sum paid to, or deposit made with, the Provincial Government, in respect of the licence.

Recovery of fees, etc.

11. All taxes, fees, fines and other sums payable to the Provincial Government under any of the provisions of this Act or of any licence granted under it, may be recovered from the person primarily liable to pay the same, or from his surety (if any), as if they were arrears of land revenue.

Obligation of licensee to keep books of account and submit returns.

12. (1) Every licensee under this Act shall, in respect of each licence held by him—

(*a*) keep such books of account and in such form as may be prescribed; and

(*b*) submit to the Collector and to such other officers as may be prescribed, a return in such form, containing such particulars and at such intervals, as may be prescribed.

(2) The accounts kept by a licensee under sub-section (1) and the stocks of tobacco with him shall be open to inspection by such officers as the Provincial Government may authorize in that behalf.

(3) Any such officer shall have power to enter and search any place where any licensee carries on business or keeps any stock of tobacco.

(4) Any officer empowered by the Provincial Government in this behalf, may for the purposes of this Act, require any dealer carrying on business in tobacco to produce before him the accounts and other documents and to furnish any other information relating to such business.

Duties of Commissioner.

13. Subject to the control and direction of the Provincial Government, the Commissioner shall superintend the working of this Act and the collection of tobacco revenue in all areas in the Province of Madras to which this Act is applied.

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14. Subject to the control and direction of the Provincial Government and of the Commissioner, Collectors of districts shall be responsible for the collection of tobacco revenue and the carrying out of the provisions of this Act in all areas in their respective districts to which this Act is applied. Collectors charged with the carrying out of the provisions of the Act.

15. The Provincial Government may, by notification in the Official Gazette, appoint in any district or portion of a district any person other than the Collector of the district, to exercise all or any of the powers or to perform all or any of the duties conferred or imposed by this Act on a Collector, subject to such control and direction, if any, in addition to the control and direction of the Provincial Government and of the Commissioner, as the Provincial Government may from time to time direct. Appointment of Special Collectors.

16. The Provincial Government, or subject to their general or special orders, the Commissioner, may appoint any person, by name or by virtue of his office, to be a Tobacco Officer and assign to him such powers and duties under this Act as the Provincial Government or the Commissioner may think fit. Appointment of Tobacco Officers.

17. (1) A Collector, a Tobacco Officer specially empowered in this behalf, or a Magistrate, may issue a warrant for the arrest of any person whom he has reason to believe to have committed an offence against this Act. Issue of warrants for arrest.

(2) All warrants issued under sub-section (1) shall be executed in accordance with the provisions of the Code of Criminal Procedure, 1898, by a Police officer, or by a Tobacco Officer specially empowered in this behalf, or if the officer issuing the warrant deems fit, by any other person. of 1898.

18. A Collector, or a Tobacco Officer specially empowered in this behalf, may— Power of entry and search without warrant

(*a*) enter and search any place in which he has reason to believe that any tobacco liable to confiscation under this Act is kept or concealed;

(*b*) seize any tobacco or any other article which he has reason to believe is liable to confiscation under this Act; and

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(c) detain, search and arrest any person whom he has reason to believe to be guilty of any offence against this Act.

Procedure for arrest without warrant.

19. The provisions of section 61 of the Code of Criminal Procedure, 1898, shall apply to all arrests without warrant made under section 18. V of 18

Duty of officers to report offences, etc.

20. Every officer employed by the Provincial Government or by any local body shall be bound—

(a) to give immediate information at the nearest police station, or if so required by any general or special order issued by the Provincial Government to the nearest Tobacco Officer empowered in this behalf, of any breach of any of the provisions of this Act, or of the intention or preparation to commit any such breach, which may come to his knowledge;

(b) to take all reasonable measures in his power to prevent the commission of any such breach which he may know or have reason to believe is about or likely to be committed; and

(c) to assist any Tobacco Officer in carrying out the provisions of this Act.

Tobacco Officer to have powers of investigation.

21. (1) Every Tobacco Officer empowered in this behalf shall, within the area for which he is appointed, have power to investigate all offences against this Act.

(2) Every such officer shall in the conduct of such investigation exercise the powers conferred by the Code of Criminal Procedure, 1898, upon an officer in charge of a police station for the investigation of cognizable offence: V of 18

Provided that—

(a) if such officer is of opinion that there is not sufficient evidence or reasonable ground of suspicion to justify the forwarding of an accused to a Magistrate, or that the person arrested may be discharged with a warning, such officer shall release him on his executing a bond, with or without sureties, to appear if and when so required before a Magistrate and shall make a full report of the case to the Collector; and

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(b) the powers of such officer shall be subject to such further modifications and restrictions as the Provincial Government may determine.

22. (1) All offences against this Act shall be bailable. **Offences to be bailable.**

(2) Any Tobacco Officer empowered under section 21 shall have power to grant bail in accordance with the provisions of the Code of Criminal Procedure, *of 1898.* 1898, to any person arrested without warrant for an offence against this Act.

23. When anything has been seized by a Tobacco Officer exercising powers under section 21, such officer, after such inquiry as he considers necessary— **Procedure on seizure.**

(a) if it appears that such thing is required as evidence in the case of any person arrested, shall forward the thing to the Magistrate to whom such person is forwarded or for his appearance before whom bail has been taken;

(b) if it appears that such thing is liable to confiscation but is not required as evidence as aforesaid, shall send the thing with a report of the particulars of the seizure to the Collector; and

(c) if no offence appears to have been committed, shall return the thing to the person from whose possession it was taken and make a report to the Collector.

24. Any person who— **Penalties.**

(a) in contravention of this Act or of any rule or order made thereunder or of any terms or conditions of a licence, sells, exposes for sale, or keeps, any tobacco or carries on business as a wholesale dealer, manufacturer, broker or commission agent, or

(b) fails to keep books of account as required by clause (a) of sub-section (1) of section 12, or

(c) fails to submit any return as required by clause (b) of sub-section (1) of section 12, or submits an incorrect or incomplete return, or

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(*d*) fails to pay within the time allowed, or fraudulently evades the payment of, any tax, fee or other sum due from him to the Provincial Government, or

(*e*) acts in contravention of any of the provisions of this Act or of any rule, notification or order or of any terms or conditions of a licence made, issued or granted thereunder,

shall, on conviction by a Magistrate, be liable to a fine which may extend to one thousand rupees and where the breach is a continuing one, to a further fine which may extend to fifty rupees for every day after the first during which the breach continues. Such person shall also be liable to pay any tax or fee which he would have had to pay if he had conformed to the provisions of this Act. The amount of such tax or fee or both, as the case may be, shall be determined by the Magistrate and shall be recoverable as if it were a fine.

Punishment for obstructing officers in the performance of duties.

25. Whoever intentionally obstructs a Tobacco Officer in the exercise of any powers conferred or the performance of any duties imposed on him by this Act shall, on conviction by a Magistrate, be liable to imprisonment which may extend to three months, or to fine which may extend to five hundred rupees or to both.

Confiscation.

26. Whenever an offence against this Act has been committed, all tobacco in respect of which such offence has been committed and every box, receptacle, package, or covering in which such tobacco is contained and all other contents of such box, receptacle, package or covering, shall be liable to confiscation.

Procedure in confiscation.

27. (1) When in any case tried by a Magistrate, the Magistrate decides that anything is liable to confiscation under section 26, he may, after hearing the person, if any, claiming any right thereto and the evidence, if any, which he produces in support of his claim, order confiscation or may give the owner an option to pay such fine as the Magistrate deems fit in lieu of confiscation.

(2) When an offence against this Act has been committed but the offender is not known or cannot be found, or when anything liable to confiscation under

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this Act and not in the possession of any person cannot be satisfactorily accounted for, the case shall be inquired into and determined by a Tobacco Officer who may order confiscation:

Provided that no such order shall be made until the expiration of one month from the date of seizure of the things intended to be confiscated or without hearing the persons, if any, claiming any right thereto and the evidence, if any, which they produce in support of their claims.

28. (1) (*a*) A Collector, or a Tobacco Officer specially empowered in this behalf, may accept from any person who has committed or is reasonably suspected of having committed an offence against this Act, by way of composition of such offence— **Power to compound offences, etc.**

(i) where the offence consists of a sale of tobacco in contravention of this Act or of the failure to pay or the evasion of any tax, fee or sum payable under this Act, in addition to the tax, fee or sum recoverable from him, a sum of money not exceeding five hundred rupees or double the amount of the tax, fee or sum recoverable from him whichever is greater, and

(ii) in other cases, a sum of money not exceeding five hundred rupees.

(*b*) On the payment of such sum of money and the tax, fee or sum, if any, recoverable under this Act, to the officer mentioned in clause (*a*), the accused person shall be discharged, the property seized, if any, shall be released and no further proceedings shall be taken against such person or property in respect of such offence.

(2) A Collector, or a Tobacco Officer specially empowered in this behalf, may accept by way of composition, from any person whose licence is liable to be cancelled or suspended under this Act, a sum of money not exceeding five hundred rupees in lieu of such cancellation or suspension.

29. (1) No Magistrate shall take cognizance of any offence against this Act— **Cognizance of offences.**

(i) except upon the complaint or report of a Collector, or a Tobacco Officer or of an Excise, Prohibition, or Police Officer, or

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(ii) except upon his own knowledge or suspicion.

(2) Except with the sanction of the Provincial Government, no Magistrate shall take cognizance of any offence against this Act, unless the prosecution is instituted within six months from the date on which the offence is alleged to have been committed:

Provided that nothing contained in this sub-section shall apply to any case governed by section 31.

Bar of certain proceedings.

30. (1) No suit, prosecution or other proceeding shall lie against any officer or servant of the Provincial Government, for any act done or purporting to be done under this Act, without the previous sanction of the Provincial Government.

(2) No officer or servant of the Provincial Government shall be liable in respect of any such act in any civil or criminal proceeding, if the act was done in good faith in the course of the execution of duties or the discharge of functions imposed by or under this Act.

Limitation for certain suits and prosecutions.

31. No suit shall be instituted against the Crown and no suit, prosecution or other proceeding shall be instituted against any officer or servant of the Provincial Government in respect of any act done or purporting to be done under this Act, unless the suit, prosecution or other proceeding is instituted within six months from the date of the act complained of.

Power to make rules.

32. (1) The Provincial Government may make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) all matters expressly required or allowed by this Act to be prescribed;

(*b*) the regulation of the sale, custody and transport of tobacco, or of any form of tobacco, for the purpose of enforcing the provisions of this Act;

(*c*) the cases or classes of cases in which and the authorities to whom appeals shall lie from orders (not being orders passed by any Court or Magistrate) whether original or appellate, passed under this Act or under

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any rule made thereunder, the authorities by whom such orders may be revised, the time within which and the manner in which appeals may be presented and the procedure for dealing with such appeals;

(*d*) the disposal of articles confiscated and of the proceeds thereof;

(*e*) the powers and duties which may be exercised and performed by Tobacco Officers and the procedure to be followed by them;

(*f*) the delegation of powers conferred by this Act; and

(*g*) any other matter for which there is no provision or no sufficient provision in this Act and for which provision is, in the opinion of the Provincial Government, necessary for giving effect to the purposes of this Act.

(3) The power to make rules conferred by this section shall, except on the first occasion of the exercise thereof, be subject to the condition of the rules being made after previous publication for a period of not less than one month.

Power to remove difficulties.

33. If any difficulty arises in giving effect to the *provisions of this Act or the rules made thereunder,* the Provincial Government may, as occasion may arise, by order, do anything which appears to them necessary for the purpose of removing the difficulty.

THE MADRAS LEGISLATIVE COUNCIL.

Saturday, 13th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Measures for popularizing quinine sulphate, cinchona and totaquina.

* 264 Q.—MR. J. A. SALDANHA: Will the Hon. the Minister for Public Health be pleased to state—

(a) what measures are adopted to popularize quinine sulphate, cinchona febrifuge and totaquina; and

(b) whether the Government have decided to reduce the price of quinine tablets sold to the public?

THE HON. DR. T. S. S. RAJAN:—" (a) The following measures are adopted:—

(i) Talks with villagers explaining the usefulness of quinine in curing malaria and removing the impression that quinine produces evil effects.

(ii) Lectures on malaria during tours of the health staff.

(iii) Magic lantern lectures on malaria.

(iv) Exhibition of posters in prominent places.

(v) Distribution of hand bills on malaria, mosquitoes and quinine.

(vi) Publishing by beat of drum the information that quinine is available with village munsifs free of cost and in post offices for sale.

(vii) Propaganda by teachers in schools.

" (b) Quinine sulphate tablets are now being sold at Rs. 17 per lb. as against Rs. 19 per lb. previously. No reduction in the present rate is proposed."

MR. J. A. SALDANHA:—" Sir, having regard to the fact that the cinchona plantations on the Anamalais and the Nilgiris work at a profit of a lakh of rupees, may I enquire whether the Government will not see their way to reduce the price of quinine sold in the post offices? "

THE HON. DR. T. S. S. RAJAN:—" If the hon. Member has followed the answer to clause (b) he would have found that we have reduced the price by two rupees a pound."

Mr. J. A. SALDANHA :—" May I know the price per packet? I think there are two packets, one packet of 10 tablets and one packet of 20 tablets."

Mr. PRESIDENT :—" It is not a supplementary question arising out of the answer given."

The Hon. Dr. T. S. S. RAJAN :—" We have given the price per pound and it is only a question of arithmetic to find out the price per packet. If the hon. Member wants it, we will work it out for him and give him the information some time hence."

Mr. J. A. SALDANHA :—" May I ask when this reduction was made? "

The Hon. Dr. T. S. S. RAJAN :—" I can assure the hon. Member positively that we have reduced the rate by Rs. 2 per pound. That is all the information I can give. If he wants more information, I would like to have some notice."

Grants for European and Indian orphans.

* 265 Q.—Mr. J. A. SALDANHA : Will the Hon. the Minister for Education be pleased to refer to that portion of my speeches on the Budget Estimates for 1938–39 and 1939–40 which deals with the grants to European and Indian boarding houses and orphanages and the reply of the Hon. the Prime Minister at the close of the discussion of the Budget for 1938–39 and to state—

(a) at what rate for each on the average the European and Indian orphans received grants in 1938–39 and are to receive in 1939–40; and

(b) what action Government propose to take in order to remove the grievance on the part of Indian institutions complained of?

The Hon. Sri C. J. VARKEY :—" (a) Particulars have been called for.

" (b) The question is under consideration."

Alleged suspension of the Headmaster, Board Boys' School, Panchanathikulam, Tiruturaipundi taluk.

* 266 Q.—Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR : With reference to the answer given to starred question No. 198, put at the meeting of the Council on the 21st March 1939, regarding the suspension of the Headmaster, Board Boys' School, Panchanathikulam, Tiruturaipundi taluk, will the Hon. the Minister for Education be pleased to state—

(a) whether the report called for has been received; and

(b) if so, whether it will be placed on the table?

THE HON. SRI C. J. VARKEY:—" (a) The answer is in the affirmative.

" (b) The Government do not consider it proper to place the report on the table."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" May I ask whether this teacher was dismissed by telegram?"

THE HON. SRI C. J. VARKEY:—" Yes, Sir."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" May I know the reason, Sir?"

THE HON. SRI C. J. VARKEY:—" The President thought it proper to communicate his order by telegram."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" What are the reasons for which he was suspended?"

THE HON. SRI C. J. VARKEY:—" He was interfering in the political affairs of the place."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Was he not restored immediately after the election?"

THE HON. SRI C. J. VARKEY:—" He could not be permanently debarred from service. His action was condoned."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Was an enquiry made, Sir?"

THE HON. SRI C. J. VARKEY:—" Yes, there was an enquiry."

Allotments for sinking wells for supplying drinking water.

* 267 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Minister for Public Health be pleased to state—

(a) the amount allotted to each district of the Presidency for the sinking of wells for supply of drinking water during the year ending with 31st March 1939; and

(b) the number of wells sunk in each district and the amounts spent therefor?

THE HON. DR. T. S. S. RAJAN:—" (a) A statement [a] is placed on the table.

" (b) The information has been called for."

SRI B. BHEEMA RAO:—" May I ask on what basis these allotments are made?"

THE HON. DR. T. S. S. RAJAN:—" They are based on the requirements of each district as submitted by the Collector of the district in consultation with the Health Officer and the President of the District Board."

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[a] Printed as Appendix I on page 228 infra.

SRI P. PEDDI RAJU:—" May I ask whether Tanjore and Trichinopoly districts are not delta districts and why they are given more money than other districts? "

THE HON. DR. T. S. S. RAJAN:—" Because they had not the benefit of the scheme in the previous year."

SRI D. MANJAYYA HEGDE:—" Sir, may I know the reason why South Kanara is given a very small amount—only Rs. 8,000? We feel the necessity for water during the hot season in some parts of the district. At Puttoor people are badly hit by the drought. For wells, etc., we require funds. The Collector says in the periodical conference that there is no fund available."

THE HON. DR. T. S. S. RAJAN:—" It is not a question of division of money. It is a question of water-supply. When once the money is earmarked, it is distributed to the various districts according to the requirements of the districts as estimated by the Collector of the district. And if the Collector of South Kanara has given a certain estimate, the necessary amount is given to him. It is not as if the money should be equally divided among the 24 districts. That is not the purpose. The purpose is that all districts which want water-supply should submit proposals and they will be sanctioned in the order of priority and according to necessity. If certain districts want water very badly they will be supplied first and bigger allotments will be made to them. The whole question is not one of arithmetic as much as the necessity of each district."

MR. J. A. SALDANHA:—" Having regard to the fact that South Kanara has got only Rs. 8,000, while other districts have got much more, does it not show that the Collector has been very negligent of the requirements of the district? If so, who is to judge with regard to the necessity of the district for water-supply? "

THE HON. DR. T. S. S. RAJAN:—" The question whether the District Magistrate has been negligent or not does not arise out of the figures supplied in the list."

Postponement of the 1939 elections to the Council of the Corporation of Madras.

* 268 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether it is a fact that the Corporation of Madras has suggested the postponement of the annual elections which fall due this year to that body; and

(*b*) if so, what the Government propose to do?

THE HON. SRI B. GOPALA REDDI:—" (*a*) The Corporation has not suggested that this year's elections should be postponed. The proposal received from the Corporation is that

the Madras City Municipal Act, 1919, should be amended so as to provide for simultaneous elections to all the divisions of the City once in three years with effect from 1941.

"(b) The Corporation's proposal is under consideration."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"May I ask whether there is any proposal to postpone the elections?"

THE HON. SRI B. GOPALA REDDI:—"The whole question is under consideration."

Appointment of Mr. N. Ranga Reddi to the Road Traffic Board of Cuddapah in the place of Mr. K. Narayanaswami, President, Land Mortgage Bank, Cuddapah.

* 269 Q.—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Law be pleased to state—

(a) whether it is a fact that one K. Narayanaswami, M.A., B.L., President of the Land Mortgage Bank, Cuddapah, was appointed to the Road Traffic Board of Cuddapah district and whether that order was subsequently cancelled substituting Mr. N. Ranga Reddi, M.L.A., to that place; and

(b) if so, what the reasons are for the same?

THE HON. DR. P. SUBBARAYAN:—"(a) The answer is in the affirmative.

"(b) The Government are not prepared to discuss the reasons."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"May I know what the reasons are, Sir?"

THE HON. DR. P. SUBBARAYAN:—"I have already stated that we are not prepared to discuss the reasons."

Alleged refusal to constitute a panchayat for Serukalathur village, Mannargudi taluk.

* 270 Q.—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether the Inspector of Municipal Councils and Local Boards refused to accord sanction for constituting a panchayat for Serukalathur village, Mannargudi taluk, Tanjore district;

(b) if so, what the reasons for the same are;

(c) what the population of the village is; and

(d) what the total amount of cess collected in that village is as per the provisions of the Local Boards Act?

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THE HON. SRI B. GOPALA REDDI:—" (a) The answer is in the affirmative.

" (b) The population of the village is less than 1,000, the limit prescribed by Government.

" (c) 683.

" (d) About Rs. 600."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Will the Government issue instructions to the Inspector to form panchayats where there is demand even though the population is less? "

THE HON. SRI B. GOPALA REDDI:—" We are not prepared to issue such instructions."

Land revenue policy of the Government.

* 271 Q.—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Revenue be pleased to state—

(a) whether the Government have since come to any conclusion with regard to the land revenue policy; and

(b) if so, what it is?

THE HON. SRI T. PRAKASAM:—" (a) & (b) The Government have not yet reached a final decision in the matter."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" May I ask how long it will take? "

THE HON. SRI T. PRAKASAM:—" It will not be very long. I think. The substantial part of it is finished. I believe they are examining questions relating to water-rate and reclassification, etc."

SRI A. RANGASWAMI AYYANGAR:—" May I ask whether the Government will think it fit to postpone the formulation of the land revenue policy till the effect of the various taxes is known? "

THE HON. SRI T. PRAKASAM:—" No such thing will be done."

MR. J. A. SALDANHA:—" May I know what the Government are going to do with the Zamindari Bill which is connected with the land revenue policy of the Government? "

MR. PRESIDENT:—" I do not think it has anything to do with this."

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Allotment of time for discussing the Government Order regarding private practice by Government medical practitioners.

* 272 *Q.*—Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Public Health be pleased to state whether an opportunity will be given to this House to discuss the Government Order recently passed in the matter of private practice by Government doctors?

The Hon. Dr. T. S. S. RAJAN:—" The Government do not propose to table a motion in this matter."

Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR:—" May I ask whether the Hon. the Minister is aware that the recent Government Order will effectively shut out medical assistance to people who have not got confidence in the private practitioner in places where there are only one Government doctor and one private doctor? "

The Hon. Dr. T. S. S. RAJAN:—" The Government have considered the various issues arising from the Order. If the hon. Gentleman has perused the order he would have found that special provision is made in the order for difficulties of an unexpected nature."

Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR:—" I have perused the order, Sir. May I ask who is to decide the urgency? "

The Hon. Dr. T. S. S. RAJAN:—" We certainly cannot allow anybody and everybody to decide the question of policy and urgency. According to the Government Order, the Medical Officer will decide what constitutes an emergency and will take particular care about it."

Rule regarding assignment of lands for villagers.

* 273 *Q.*—Sri Diwan Bahadur R. SRINIVASAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the rule that assignment should not exceed 5 acres is still in force;

(*b*) whether such rule is proposed to be modified and if so, how and when;

(*c*) whether such rule is applicable where applications are made by large body of villagers (landless) each villager applying for less than 5 acres though the total area applied for by all the villagers will exceed 5 acres;

(*d*) if such rule exists, in what circumstances was land over 5 acres assigned to toddy-tappers in Salem, and other places such as Nellore; and

(*e*) whether Government are aware that orders were passed by the authorities for assignment of land less than 5 acres to each applicant in the hamlets of Maduraikeelpakkam and Peria Nemmeli of Chingleput taluk, and if so, why the assignment has not been completed in favour of such applicants?

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THE HON. SRI T. PRAKASAM:—" (a) The answer is in the affirmative.

" (b) & (c) Pending the formulation of a scheme designed to give effect to Government's policy of assigning all available land to the landless poor, the Government desire to retain control of all substantial areas of assignable land. The assignment of large blocks of land at the present time might defeat their intention even though individual assignees might not get more than 5 acres.

" (d) The Government as a special case relaxed the general prohibition against assignment in the case of the ex-toddy tappers of Salem as they had lost their employment owing to the introduction of prohibition into that district. No relaxation is known to have been made in the Nellore district.

" (e) *The matter is under the consideration of the Government.*"

Government's policy regarding Land Colonization schemes.

* 274 Q.—SRI DIWAN BAHADUR R. SRINIVASAN: Will the Hon. the Minister for Revenue be pleased to state—

(a) what the policy of Government is in regard to Land Colonization schemes generally and as regards depressed classes in particular;

(b) what the present rules are as regards assignments of lands, generally and as regards depressed classes in particular;

(c) whether Government propose to modify such rules and if so, how and when;

(d) whether the Government are aware of the resolutions and proposals of the Agricultural Sub-Committee of the Economic Council and what steps have been or are proposed to be taken to give effect to them and when; and

(e) what the area available in each district is for purposes of assignment generally and to depressed classes in particular and in what taluks of each district?

THE HON. SRI T. PRAKASAM:—" (a) The policy of the Government is to assign all available land to the landless poor, including members of the Scheduled Classes and the suitability of colonization schemes for carrying out their policy is under consideration.

" (b) The attention of the hon. Member is invited to Board's Standing Order No. 15. Paragraph 38 of that Standing Order contains the special rules applicable in the case of assignments to members of the scheduled classes.

" (c) The rules will be modified in such way as may be required when Government finally formulate the details of their policy referred to in the answer to (a).

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"(*d*) The proposals of the Sub-Committee are under consideration.

"(*e*) A statement[a] showing the extent of dry and wet lands available for assignment in each taluk of the several districts of the Province, is appended to this answer. Regarding the extents of land reserved for assignment to members of the Scheduled Classes, the only information available is that contained in statement VI of the Appendix to the Administration Report of the Labour Department for the year 1937–38, which has been published."

SRI B. NARAYANASWAMI NAYUDU:—"The extent of the lands is not placed on the table of the House."

THE HON. SRI T. PRAKASAM:—"The statement has been supplied to hon. Members. Perhaps the hon. Member has not got a copy."

Grant of land for colonies and settlements for depressed classes.

*275 *Q.*—SRI DIWAN BAHADUR R. SRINIVASAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) in what all cases throughout the Presidency were applications received by Government for grant of land for colonies and settlements for depressed classes;

(*b*) in what cases were the applications granted and in whose favour;

(*c*) whether all such settlements were completed and if so, by which persons;

(*d*) whether Government were satisfied with the conduct and management of such settlements and their completion and if they were checked or inspected and if so, with what results;

(*e*) whether in each case any moneys were received from the depressed classes in connexion with such settlements and if so, by whom and for what purposes and if such purposes were effected; and

(*f*) whether proper accounts have been maintained in respect of the formation and management of such settlements and if such accounts have been duly audited and what the results of such audits are?

THE HON. SRI T. PRAKASAM:—"(*a*) The collection of the information required in this clause would involve an expenditure of time and labour incommensurate with the object desired.

"(*b*) No assignments have been ordered in recent years in favour of colonies and settlements of members of the depressed classes. The Government have stopped the assignment of large blocks of land pending the formulation of their policy in the matter.

"(*c*) *to* (*f*) The questions do not arise."

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[a] Printed as Appendix II on pages 226–232 infra.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939 (L.A. BILL No. 10 OF 1939) AS PASSED BY THE ASSEMBLY—*cont.*

* KHAN BAHADUR SIR MAHOMED USMAN SAHIB BAHADUR:—" Mr. President, I was one of those who voted for and supported the Prohibition Bill passed in this House some time ago. I did so because the Prohibition policy of the Government is intended to uplift the poor people who are addicted to this evil habit and also because the prohibition policy of the Government is in accordance with the dictates of my religion. Prohibition means loss of Excise revenue to the extent of Rs. 4 crores. If we want Prohibition to be successful, we should do something to assist the Government in finding fresh sources of revenue. Only then Prohibition will have a reasonable chance of success. I therefore think there is no other alternative for me than to agree to this taxation measure. As these taxation measures go to help Prohibition I vote for them because it satisfies my Islamic conscience."

DR. SIR K. V. REDDI NAYUDU:—" Mr. President, on the principle enunciated just now by an hon. Member of this House and as one who is opposed to Prohibition from the beginning, I regret to say that I do not feel that I am bound to accept this measure of taxation in order to fill the deep pit cansed by Prohibition. As one who claims to be reasonable in his own way, I am not opposed to all proposals for taxation. So far as the present Bill is concerned, though I was one of those who was in a way responsible for the dropping of the previous Bill in 1936, provided the necessary amendments are made to this Bill, it is capable of being accepted in principle. To make matters clear, let me say at once that I do not oppose taxation on tobacco. I feel and I must say that the present Bill must have been drafted in haste without sufficient knowledge, experience and intimate touch either with producers, production, consumers or with trade. To begin with, Mr. President, let me refer to one matter in which I am deeply interested. This Bill, Sir, will affect what I may call 'my districts.' East Godavari, West Godavari, Kistna and Guntur districts are the most affected by this Bill. We are not aware and the Government have not been pleased to place on the table of the House what exactly the extent and area of cultivation in tobacco are. It would be rather difficult to guess. But as one who has had some experience of the various districts in the Province—I am subject to correction—I believe that out of 250,000 or 260,000 acres of land on which tobacco is grown, more than 200,000 acres are in the districts that I have mentioned in the Northern Circars. South Kanara and Malabar do not produce any tobacco worth mentioning, though no doubt in Kasargod and Wynaad taluks, some little tobacco is grown. In Tinnevelly no tobacco worth the

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name is grown. In a few places like Ramnad, Dindigul, Sattur, etc., some little quantity is grown. If I may venture to estimate I may say that not more than an extent of 60,000 or 70,000 acres is under tobacco cultivation in those places. Therefore Sir, it is the Telugu districts, the Andhra districts, that are most affected by the Bill. Hence the interest we have got in this Bill and in its provisions. A little while ago I stated that the people who have drafted this Bill do not seem to have any touch with the people who are really engaged in the trade. I refer to clause 4. You find Sir, that manufactured tobacco bears a tax of Rs. 6 if the turnover does not exceed Rs. 200. So far as the leaf is concerned, there is no tax on it. If I understood the Hon. the Prime Minister correctly yesterday, there will not be even licensing in the case of leaf-vendors on a small scale. But what is a large scale and what is a small scale are not defined in the Bill. On a reading, on a careful reading, of the Bill, I see that small retail dealers in the villages are not excluded from the necessity of obtaining licences though no fee need be paid by them. That is the first point that I would like to put before the House.

" A distinction seems to have been made between the Telugu country and the Tamil country in this matter. It may not be intended but it is there. I shall show presently how it is. In the south, Sir, people chew tobacco. What the poor in the north do is, they smoke; they smoke cheroots. In the south, a man goes to the little shopkeeper and purchases half an anna worth of tobacco leaf. The small shopkeeper is not taxed; he need not pay any licence fee. But he has got a trouble to which I shall presently refer. Under clause 12 of the Bill he has got to engage a man, because very often these little vendors are not literate; they will have to engage some person who is able to write and pay him Rs. 2 or 3 every month for writing up the accounts. I shall refer to this in detail later on. In the north they smoke cheroots. The man takes half an anna to the village shopkeeper, tobacco-seller and buys 6 or 7 cheroots which will serve him for 2 or 3 days. Even this cheroot which is sold, is manufactured tobacco under the Bill. ' Cheroot ' comes under manufactured tobacco according to the definition in the Bill. Therefore the small shopkeeper is liable to this tax. He is bound to take a licence; he is also bound to keep accounts. I submit this distinction or discrimination whether it is intended or not, is there; it is unjust and must be removed. After all, he is a small shopkeeper and he is liable to pay this tax of 3 per cent or Rs. 6 on Rs. 200 worth of sales. Well, Sir, I can assure the House on my experience that no vendor of tobacco cheroots is able to make a profit of more than 2 annas in the rupee. He very rarely sells Rs. 2 worth of tobacco; very often he is able to sell only Re. 1 or half a rupee worth of tobacco for a day. He will be able to make a profit of 2 annas in the rupee. He has got perhaps

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to pay house rent for a small godown to the extent of Rs. 2. I know these persons are mostly illiterate. On the top of it all, they have to keep accounts. You have got all these inquisitorial provisions whereby any officer can inspect the premises. The Government may employ even non-officials who are not Government servants. I beg to submit, Sir, it will be a great hardship to the people, to the small vendors. I do not see any reason why the privilege that is extended to the leaf-sellers in the south should not be extended to the sellers of cheroots in the north. I am not speaking of cigarettes. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—" The hon. Member is committing a mistake, intentionally I think, when he says definitely in the last sentence, the Bill proposes to exempt wholesale leaf-sellers in the south. He knows perfectly well that wholesale leaf-sellers are not exempted, whether they are in the north or south, east or west. There are plenty of leaf-sellers, more leaf-sellers in the Telugu districts than in the south."

DR. SIR K. V. REDDI NAYUDU:—" I should consider the Hon. Premier's intervention is absolutely unwarranted. I am prepared to prove to the hilt that we in the north do not chew tobacco leaf and the sale of leaf is very much less in the north than in the south. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Did not the hon. Member say that wholesale leaf-sellers in the south are exempted? It is to that I object; I did not refer to chewing at all."

DR. SIR K. V. REDDI NAYUDU:—" My hon. Friend knows that chewing is going on in the south more than in the north. It is very rarely done in the north. In the north they purchase cheroots made of the tobacco leaf. Even the smallest vendor makes cheroots. Even women are employed in making cheroots. The Hon. Minister is making a distinction without any difference. We are not playing upon words here. Here we state difficulties which the people will undergo, if the Bill becomes law. Well, Mr. President, I submit that I am certain, and I have no doubts in my mind when I say that leaf, as such, is not sold by these small vendors. It is another matter if leaf is sold enormously to be exported to other countries. I was speaking only of small vendors; I do not know how the confusion has arisen."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Excuse me, Sir; it is the small vendors that sell to the exporters and they are the most important part of the trade in the northern districts."

DR. SIR K. V. REDDI NAYUDU:—" Let me beg to differ from the Hon. the Prime Minister in every word that he has said. I know my district, and I know it thoroughly. It is on the large

exports that are made to Burma and other countries that they make any money at all. For the rest of it, the retail dealers only deal . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—" At the risk of being considered to be too much interfering—which is *not my* intention—surely the hon. Member is mistaking me. The large exporter has to buy from numerous small vendors."

DR. SIR K. V. REDDI NAYUDU:—" Even there, I beg to differ from him. I have known cases in which my friend will bear me out. In the Guntur district, there are ryots who produce and sell lakhs and lakhs of rupees worth of tobacco to the Imperial Tobacco Company; and to tell me in this House that in the north it is the small vendors that sell, with great respect to the Hon. the Prime Minister, I must beg to differ from him. And that is why I have said that this Bill bears marks of want of experience of the northern parts.

" Well, Sir, let us proceed to the other matters. Now, Sir, I was speaking mainly of the small vendors in the villages. There are two kinds of vendors. There are men who purchase a maund of tobacco from a retail dealer, put in their baskets one or two visses, go to the nearest fairs—and there are days of fair almost every week in one village or another—and sell the one or two visses. I suppose he purchases the article for 12 annas or 14 annas at the most and sells it for a rupee, thus making a profit of 2 annas out of it, if he is really fortunate enough to sell the whole of it, although that is very rare. So, so far as they are concerned, there is no tax for them. But I take it that the Hon. Minister was telling us that the big dealers in leaf alone will be required to hold a licence. I am afraid that the wording of the Bill is such—unless I am corrected, and I am open to correction—that even in the case of the smallest seller of leaf, a vendor will have to register himself as a licensee, though of course no fee is levied from him. And if that is the case, section 12 operates. Section 12 says:

'Every licensee under this Act shall, in respect of each licence held by him—

(*a*) keep such books of account and in such form as may be prescribed. . .'

Whereas, Sir, the kind of people I have been speaking of, men who purchase a rupee's worth of tobacco in retail in the small shops, go to the fairs, sell it and after all the trouble of the day, get 2 annas; how can such people keep accounts? They are the most illiterate people—90 per cent of these people who sell tobacco in the fairs and markets, are illiterate. How can we expect such people to engage a clerk? And can a clerk be had for less than say Rs. 5, or Rs. 3 a month? Are such people in a position to afford it? What I submit to the Hon. the Minister is this:

You put a limit beyond which alone a licence ought to be necessary and below which a licence is dispensed with. Because, when once a man becomes a licensee, his liability to render accounts under section 12 will be there. It is only for that purpose that I am trying my level best to explain to the House and to the Hon. the Minister the nature of the hardship that would be caused to the small fellows. Sir, in season and out of season, from the platform and from the responsible place in this House, Hon. Ministers have told us that they have been working hard to raise the standard of living of the poorer sections of the people, and they are never tired of saying it. In fairness, I ask, ' Will this little tax, this licensing rule and this liability to keep accounts, add to the comforts, to the income, of the people? Or will it add to their troubles? ' I beg to submit, Sir, that according to their own possessions, the Government ought to exempt these people in the lower rungs of society who live from hand to mouth, whose income is only 6 annas to 8 annas per day, who make just 2 annas a day by the sale of tobacco in fairs and markets. I beg to submit that unless these people are exempted, the Bill cannot be accepted as it is.

" Now, Sir, a word about the tobacco leaf and the effect of exempting it from taxation. I know, Sir, that after the Imperial Tobacco Company came into existence, the price of tobacco has arisen. The people of my districts are greatly indebted to that company, the members of which have invested millions of rupees and are responsible to-day for the rise in the price of tobacco; notwithstanding that the company agents do not come to the ryots, the correct price which they would be entitled to get, is being maintained. Sir, tobacco which sold at Rs. 15 and Rs. 17 a putta formerly is now selling at Rs. 35 or Rs. 40 and even Rs. 50; and despite the fact that it is a foreign company, I think the country is under a deep debt of gratitude to them, because tobacco is being sold now very well. No doubt there were three or four kinds of tobacco grown in these districts; for instance, in the lankas, or islands, the lanka tobacco was grown which used to be largely exported to Burma; cheroots were made there and perhaps they were even sent back to India for sale. There is also the *patty* tobacco, that is, tobacco produced by irrigation by drawing water from the wells. Then there is what is known as *garappa* tobacco, that is, tobacco grown on sandy soils. This kind of tobacco is largely to be had in the Guntur district where people are largely benefited by the advent of the Imperial Tobacco Company. Now, Sir, I am mentioning these facts with a view to show what effect this Bill and this taxation will have on the tobacco trade. Formerly, in my younger days, I know millions of rupees worth of tobacco used to go to Burma. Owing to various reasons, that trade has been falling; but the people do not suffer

on that account, because there are other ways in which the tobacco could be used and could be sent to other countries; and so, naturally, the trade has not suffered. Why I am saying all these things is this: if there is no tax upon the leaf at all, two consequences will follow. One is a large export to Burma and other countries. There is nothing wrong so far as producers are concerned, who will get their prices alright, but trade will immensely fall. To-day a large quantity of tobacco is produced in the Kistna and Guntur districts and I may inform the House that during the last five or six years, the habit of producing tobacco in Guntur has extended to the Kistna and the Godavari districts. In the Godavari district, we used to produce only lanka tobacco, but in the lankas, I have discovered other varieties growing on the lands opposite to Kotapalle, and these lankas have taken to other kinds of tobacco like *barans* which are useful for cigarette making. That is why they go in for *barans*. They have followed it in the Guntur district, and it has come to the Kistna district quite recently. The result of this Bill will be that though tobacco is manufactured in this country, i.e., though cheroots and cigars are manufactured here, there will be no attempt to purchase tobacco from the producers. As a matter of fact, take the case of snuff. Unless I am greatly mistaken, several lakhs of rupees worth of snuff is being produced in the Madras Presidency, of which Rs. 50 lakhs worth is being exported from one company in Madras. I think there are three shops, one in Angappa Naicken street, another in Govindappa Naicken street and there is a third in the Kothaval chavadi. These three places alone export about Rs. 12 lakhs worth of tobacco to Cochin. And Cochin has got a monopoly for tobacco. The result is this: Rs. 12 lakhs has gone down to Rs. 6 lakhs within the last one or two years. On account of monopoly in that place, people are smuggling tobacco from here and are powdering snuff themselves. Several tobacco merchants with whom I am personally acquainted, have admitted to me that their trade is falling on account of what is happening in Cochin.

" So, Sir, how far the tobacco trade will be affected in this Province when this Act comes into force is a matter for consideration. I submit that trade is bound to fall; and if the Government are making conclusions based on the present quantity produced, I am afraid they will be mistaken; because, as soon as this Act comes into force, there is every danger of the trade falling. I know merchants who are ready and willing to go to the southern part of the Bengal Presidency, the south-eastern portion adjoining Orissa, where there is no tax of any kind; they were giving me figures to show that after taking all the expenses from Madras and Vizagapatam to the south-eastern portion of Bengal and after making the necessary calculations, they could make a much

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larger profit there than they could do here if this Act is passed. Sir, I think they have also presented a petition to the Hon. the Prime Minister, in which the facts are stated. These things are drawn not out of my imagination, but are contained there in a paper; and I have gathered some of these things from personal conversations which I have had with some of these merchants. Even in this country, what happens to-day is this: a man pur-
11-45 chases half an anna worth of snuff. He takes two or three pinches
a.m of snuff and throws the rest away, because human nature is such. What will he do after this Bill becomes law? He will purchase a quarter anna or half an anna worth of tobacco, take the shell of a coconut, put a little chunam and little ghee, grind it and get his snuff. So, Sir, afraid of the increase in prices, a man is bound to resort to such things, which means trade must necessarily fall. It is of course open to the Government to say that the consumer is not affected thereby; I agree; but the trade as such is bound to suffer. Not only that; when the trade suffers, the turnover tax which the Government expect will also be affected not only in respect of this measure, but also under the General Sales Tax Act, though of course we have not been told that under that measure this leaf tobacco which is now exempted from taxation under the present Bill will also be exempted. We shall be very thankful to the Government if they will also exempt sale of leaf tobacco even from the General Sales Tax. This however is a matter we will be entitled to ask when the other Bill comes.

" After all, Sir, what is the justification for leaving off these wholesale dealers in leaf from this taxation? If it is the principle on which they have always stood, namely, a fair distribution of tax according to the capacity to pay and thereby relieving the poorer classes from the taxes which they are now paying and imposing a tax upon the people who are rich enough and who look upon smoking as a luxury, there is nothing wrong, so far as I could see; and I agree with the Government when they say that the richer classes should pay more. But, here we find that any amount of sales in leaf will not be taxed. May I ask, why? Why should they not be taxed? As a matter of fact it is the big dealers who deal in these large consignments and tons and tons of tobacco which they not only manufacture in this country but also export to Europe, England in particular, where they are converted into cigarettes; and they again come back just as cotton goods and we pay for all the expenses of their going to England, Germany and other places and coming back as finished products, about which our friends were always telling us very correctly. Will that not apply to this tax? And if that applies, would it not be possible for them to exempt these lower classes from the necessity of paying this tax?

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"Now, Sir, having said all these things, I have only one word more to say, and that is about section 12. Sir, that is an inquisitorial section and the provisions of that section are very difficult to be followed, for there will always be some agent or other person to sell tobacco. Tobacco trade is peculiar and it is not like the trade in cotton goods where a person can take 500 pieces of cloth and after selling a certain portion of it, can come in the evening and say how much he has sold. Tobacco trade is peculiar, because tobacco is subject to diminution, of course not on account of the fault of anybody. If you just sprinkle water over it to keep it in temper, before the evening the water evaporates and what was one maund before may come down to six visses. Are we to suppose that the clerk has wrongly sold and never told his master about it? Or, are we to suppose that this is due to reduction in weight? And what is the penalty for this? It is the cancellation of the licence, which might mean any amount of loss. One can understand a fine or some such punishment being imposed for any *mala fides* on the part of the dealer. What does cancellation of licence mean? It means that until he gets back the licence, his trade will have to stop and the money that he will get by his business will not be bad and he will be put to a lot of inconvenience. I think it is absolutely necessary that the provision in section 12 which makes the master liable—though ordinarily I agree that the master is liable to the acts of the agents—for the acts of his agent or clerk, should be taken away, for this is a peculiar trade, a trade in which it is impossible to find out how the shortage has come in the goods in respect of the weight and whether it is due to evaporation or for other causes. Even in the matter of snuff, if you put one pound of snuff in a box, even if you keep it hermetically sealed, and if you weigh it three or four days afterwards, it will be found to have lost in weight. That has been the experience of merchants in Madras. If there are gentlemen who do not believe it, they are at perfeet liberty to have their own views about the matter. But I am telling you, Sir, what I have been told this very morning by the merchants. It is a fact that they told me that snuff does reduce in weight. Well, Sir, whatever it is, there are some of the provisions which are objectionable. Of course when amendments come up for discussion I shall certainly add my quota and place my views before the House.

"Generally speaking, Sir, let me summarize what I have said. I do not object to the tax on tobacco. But, I do object to taxing small dealers in leaf cheroots or cigarettes and the man who does not sell more than one or two rupees worth of tobacco per day, ought to be completely eliminated from the scope of the tax under this Bill. Next, Sir, the rule about keeping of accounts will have to be altered. Here, Sir, I must express my thanks and the thanks of the merchants for Government accepting an amendment

moved by Mr. Appadurai Pillai in the other House; and I was told that that was the only amendment accepted by the House—of course I may be wrong; at any rate the merchants are grateful to the Government for at least this little change in section 10. I beg to submit that we are perfectly willing for a tax on tobacco; but at the same time we plead that the tax should not be so heavy as to drive the trade of this Province to other Provinces, for as I said already, the merchants will go to Bengal and begin to trade there by getting tobacco from here and other places.

"Then, Sir, we should see that this Bill does not affect the producers, because there is nothing in the Bill to prove the contrary and there is nothing to show that the producer will not be affected. I beg to submit that those who believe in the economics of taxation of this kind on the turnover of dealers, will agree that it is bound to affect the producers. It is impossible for them to escape the grip of this Act. It is no doubt true that they are at perfect liberty to sell at whatever price they like; he does not pay any tax, but the merchant pays; and the merchant who finds that his trade is falling will try to make up for the loss he would incur in spite of the fact that he recovers a great portion of it, and even more, from the consumer. Yet he still loses because the total quantum of his trade falls; that is the necessary consequence of the Bill; and when that stage is reached, he will not offer to the producer the same price which he was offering before.

"Then there is foreign competition and competition from other parts of the country, where some producers will be willing to sell at a lower price and naturally the trader will go there and get the tobacco from other countries, even in spite of the import tax. So, the producer is bound to suffer at one stage or another; it may not be the immediate result, but as time advances and the extent of the tax or the revenue from this taxation is sought to be improved, the stage will soon be reached when the producer is bound to be affected and he will not be able to get the price which he is getting at present.

"Sir, I have done. I would only point to the Government that this great spate of taxation legislation is causing grave apprehensions in the country. Of course, they may be perfectly justified in levying taxes according to their own views, but it is equally essential that the feeling in the country should not be roused to the saturation point. Perhaps these remarks will be more appropriate when we come to deal with the sales tax, but here, I beg to submit to the Government to go slow for this year, for we do not want all this money, as pointed out by my hon. Friend yesterday. In this connexion, I would invite the attention of hon. Members to the three principles of Lloyd George, which I read out to the House on the occasion of the Budget debate, and

one of those principles was, that while you are perfectly entitled to think of expanding sources of taxation, that is, a tax which will expand as time advances and as trade improves, it must be collected only during the year for which it was intended. Of course, there taxation laws are passed annually. But what I mean is that you should try to be satisfied with what is actually necessary. If to-day you have a minus balance—I think it is only 17 lakhs, if I remember aright—I am sure you will get these 17 lakhs from the measures you have already undertaken, for instance, the Electricity Act and the Motor Spirits Act; and *instead of the* $1\frac{1}{2}$ *crores which you are now expecting from these* taxes, or even if the rigour of taxation is reduced and you get only 10 or 15 lakhs, will that not suffice to meet the minus balance? When once the principle is accepted by the two Houses, it can be extended year after year and when such is the case, where is the necessity to get through all these measures at once? It may, perhaps, be your desire to introduce Prohibition throughout the Presidency, during the next 2 or 3 years—I am speaking without information from the Government—but here again I respectfully appeal to the Government to hasten, if you like, but hasten slowly; you lose nothing thereby and you do not exasperate the people by doing anything like that. Then, why make people *believe that they are being oppressed by this taxation?* "

* SRI A. RANGASWAMI AYYANGAR:—" Mr. President, 12
the principle and the policy underlying the Bill have been mis- noon
understood by the Opposition. To my mind, the present Bill is not exclusively a finance measure. No doubt the object of the Bill is partly to recoup the finances of the country. But if by this Bill, the consumption of tobacco is going to be lessened, nobody will be more pleased than the Government itself. It is not merely to raise revenue that the Bill has been brought in. It is not *like* the Entertainments Tax Bill or the General Sales Tax Bill which are intended to raise revenue for filling up the deficit that has been caused by the introduction of Prohibition in this Province. Nobody will say that the consumption of tobacco is a virtue. It has been said that it is a necessity or an unavoidable luxury for the lower classes. Everyone knows that tobacco in any form, whether chewing or smoking it, is highly deleterious to health. At least in the case of drinking toddy, there is an element of food value in it. Howevermuch it is low, there is an element of food value in it and I remember Dr. Rajan stated that." (Laughter.)

THE HON. DR. T. S. S. RAJAN:—" I may tell the hon. Member *that* I never made such a statement."

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is a wrong and dangerous statement."

* SRI A. RANGASWAMI AYYANGAR:—" I stand corrected."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Palmyra sweet juice has some food value. It is known as sweet toddy in the north but in the south, that name is used to denote the fermented liquor only."

* SRI A. RANGASWAMI AYYANGAR:—" That at any rate is the belief of the people of the lower classes. That, however, is not the point of my argument. The point is that the consumption of tobacco is injurious to health and if the Government are strong enough, they can put a stop to it altogether as they have done in respect of the drinking of toddy and other spirituous liquors. The position is that this Government, or for that matter any Government, will not feel strong enough to order the putting down of so prevalent a thing as the consumption of tobacco. What is the next best thing? It could at least derive some revenue out of it when it is not able to put it down. It is a necessary evil. While the Government would like a complete abolition of the habit, while the Government would be very willing to see that the people are weaned from the bad habit of chewing tobacco and smoking cigars, cheroots and the like, there is the question of the practicability of effecting it. Inasmuch as it is practically impossible for any Government in the world to put a stop to the consumption of tobacco, the next alternative is to levy a tax upon the commodity and that is the principle underlying this measure. It is an ameliorative measure intended for the benefit of the people. In that connexion, it was asked, ' Why should you derive a revenue from an evil? ' It was my hon. Friend, Mr. Ahmed Meeran, who pointed out that no Government should derive revenue from an evil or vice."

S. K. AHMED MEERAN SAHIB BAHADUR:—" I said that no Government should run a trade as such and derive revenue from it."

* SRI A. RANGASWAMI AYYANGAR:—" His submission was that the Government are not to run the tobacco trade just as they are against running the liquor trade. I may tell him just now that the Government are not proposing to run the tobacco trade through this Bill. Therefore, there could be no objection for taxing tobacco.

" It was also stated that there was a kind of discrimination between the north and the south. A person of standing of Sir K. V. Reddi should have hesitated not once or twice, but so many times, to make such a suggestion as that. But all the same, he admitted that it was injurious. The man who chews tobacco or uses snuff only spoils himself. But the man who smokes the cigar

or the cheroot spoils not only himself but his neighbours as well, by his being a sort of walking chimney constantly polluting the air. If at all any discrimination is to be made, I submit, Sir, it ought to be made against the smoker. Therefore, Sir K. V. Reddi need not congratulate himself on the fact that a large number of people in the north smoke while a large number of people in the south merely chew. If the Bill has the effect of reducing the number of smokers in the north, certainly Sir Reddi must congratulate the Government and thank them for introducing a measure of this kind which would reduce the number of smokers. The principle of the Bill being partly financial and partly ameliorative, the general principles of mere taxation measures should not be applicable to this case. The general principle that there must be a low rate of taxation, that you must tax only on the basis of your requirements and for the current year and that you must not affect the poor are wholly inapplicable to a Bill of this sort whose object is partly financial but mainly ameliorative, its purpose being to restrict the use of tobacco in any form."

SRI B. NARAYANASWAMI NAYUDU:—"May I know if that is the purpose of the Bill according to the Treasury Bench?"

SRI M. D. KUMARASWAMI MUDALIYAR:—"Mr. President, on the face of it tobacco taxation would appear to be highly commendable. Is it not very injurious to the system? Is it not the second brother to liquor? Is it not a wasteful luxury? By such questions, it is easy to convince the gullible and credible. But if we go a bit deeper into the question, we will realize that in this unfortunate country of ours tobacco has a peculiar place. This is perhaps not sufficiently understood even by those who make investigations and study the condition of the poor.

"Tobacco in our country is used mainly by the poor, the very poor, Sir. But it is not as is often readily believed a luxury with them. It is a necessity. How? The poor man chews and chews to keep off the gnawings of hunger. Tobacco has the quality of deadening the senses of appetite and hunger. It is only a source of keeping off their misery to a certain extent. However, it is only temporary."

SRI B. BHEEMA RAO:—"Is the hon. Member in order in making a manuscript speech, Sir?"

MR. PRESIDENT:—"The hon. Member is not entitled to read a written speech. But if he could finish it within five minutes, I have no objection."

SRI M. D. KUMARASWAMI MUDALIYAR:—"I know why the exception has been taken and the reason is not very far to seek, it being that I am sitting on the Opposition side."

MR. PRESIDENT:—"The Chair has permitted the hon. Member to proceed and he may go on with his speech."

SRI M. D. KUMARASWAMI MUDALIYAR :—" They chew tobacco now because they find the vision of another world in a doped state but because they find that it helps to keep the wolf from the door at a very cheap cost. All this is possible only in a country like ours where millions go without food every day.

" This is not known to those who profess to work for the uplift of Dharidra Narayana. How could they, as long as they live in the so-called ashrams and carry on their uplift and work before the cameraman and for the sake of the newspaper man? They must live with the labourers, be one of the labourers. Then they will realize whom the tobacco tax affects.

" The much maligned Native States have become the model in this respect. The Durbar Virawallas and Ramaswamys have apparently become the divine idols of the Madras Congress Government.

" The success of the tax in Travancore is cited in favour of its adoption here. But I say, for that very reason it must be taken with caution. The taxation reform in the Native States is not a safe model."

MR. PRESIDENT :—" The hon. Member is not in order in saying anything about the Native States on the floor of the House."

SRI M. D. KUMARASWAMI MUDALIYAR :—" In this connexion, I want to draw the attention of the Government to the fact that this tax on tobacco had been tried by the Government in Malabar and Kanara at the time of the East India Company, but when the country came under the Crown they abolished it because it was so bad in its effects. But now when Provincial Autonomy is introduced, when power is transferred from the Crown to the people, we are relapsing into barbarity.

" Above all, Sir, one thing I am unable to understand is, with what face, with what conscience the Government adopt the tax to-day, which, while in the Opposition they despised. I hope better sense and better consistency would prevail."

* MR. S. J. GONSLAVES :—" Mr. President, it has been said in support of this Bill that this tax obtains in several civilized countries; but in urging this argument, the important fact is being lost sight of, namely, that the countries that tax tobacco are countries that do not produce tobacco. That the tax is levied in the form of an import duty is the justification for taxing that commodity. What the Government of that country would say is that in that country there were substitutes which may be used; but if the people of the country want to buy and use tobacco which is grown in another country and imported into the country, they

should be taxed upon that; in fact the foreign countries must be asked to bear a contribution to the exchequer of the country that is importing the commodity. But a different state of affairs exists here. This country produces tobacco and the levying of this tax will hit the poor consumer, the small trader and will also hit the agriculturists. It has been pointed out by hon. Members that tobacco is used by the poorest of poor in some form or another. The beggarman and the beggarwoman in the street use either the leaf tobacco or tobacco in manufactured form. The women use snuff and the men use cheroots and cigars. It has become almost a necessity for them and to make them pay a higher price for these articles would be to deprive them of the amenities to which they had been accustomed for years. I do not think that there is any justification for hitting the poor. It will also hit the trader. As has been pointed out by hon. Members, trade in this commodity will decline and if the trade falls, especially the income of the small trader will go down and in that way, it will hit the small trader. It will also hit the agriculturists. If the consumption goes down, if internal consumption goes down, the demand for tobacco that is now existing will go down also; further, export is also affected by reason of the fact that something is added to the cost price of the article depriving it of its competitive power in the market as against tobacco from places where this form of taxation has not yet been imposed. In that way, consumption and demand will go down which will mean that agriculturists will be hit very hard. You see, therefore, Sir, that this hits all sections of the community from the producer to the consumer. The repercussions of this levy on the trade will be very great and the industry will be imperilled by it.

" My hon. Friend, Mr. Rangaswami Ayyangar, just now pointed out to the House that this is not a fiscal measure but that it was intended to wean people away from evil habits. The Statement of Objects and Reasons of the Bill does not bear it out and I do not know if the House would agree with him on that point. Mr. Rangaswami Ayyangar stated that the Government wanted to wean certain people from drink and brought in their scheme of Prohibition and that similarly they want to wean people from the habit of using tobacco and that was the justification for the Bill. The object according to him was to prohibit its use by making it more expensive. I do not know where he has drawn this idea from. I see no such idea in the Statement of Objects and Reasons. It is stated there that—

> ' the object of this Bill is to provide for the levy of a tax on the sale of tobacco and the licensing of trade therein with a view to make up for the increasing loss of Government revenue arising out of the prohibition of intoxicating drinks and drugs.'

That has been the only object of the Bill and I fear that the colour that he wanted to give the Bill and the principle that he has adumbrated, though he belongs to the party in power, are

12-15 p.m. not correct. I beg to differ from him that it is an evil. Nobody here has as yet said it is an evil. I submit the imposition of this tax is justified, but not in the form it is proposed to be levied. I only say that if this Bill is not amended in a great many particulars, a large section of the industry will certainly stand imperilled."

* SRI V. VENKATAPUNNAYYA:—" Sir, I rise to congratulate the Hon. the Premier for bringing this Bill and also for dropping in particular the monopoly vend system found in the original Bill and which if retained would have affected large number of people very much and created chaos. But now that the monopoly vend system is removed, the Bill will not cause confusion in the country as it would otherwise do. I congratulate the Hon. Premier on removing this monopoly system. This only shows clearly that the Hon. Premier is always quite responsive to public opinion and amenable to any reasonable amendment and that he is quite ready to grant any legitimate demand from any side.

" The object of the Bill, I take it, is merely finance and that it is not intended to be a social measure, as my friend who spoke before me sought to make it out. For, from the Statement of Objects and Reasons, both in the original Bill as well as in the Bill as amended by the Assembly I don't see any statement that it is intended to be a social measure.

" As regards finance, it was stated, ' The money is not required for this year; that being so, why levy it? ' But they conveniently forget that Government have launched into a scheme of Prohibition and the scheme will gradually expand through the whole Province year by year and consequently henceforth with every year the deficit will be increasing. It is argued that money is not actually needed this year and hence there is no necessity for taxation, and I reply thereto that all this money that we expect from this measure will not come to the Government treasury immediately. In the beginning the receipts will not be great; and only as years pass on will there be any appreciable increase in the income.

" Then, Sir, some references were made to the evils of chewing and smoking. Though we are not authorities on the subject, nor doctors, yet as far as commonsense and experience go they teach us that both are injurious; one affects one part of the body and the other another part and we cannot definitely say, which is more injurious and which is less injurious; and also, it cannot be said that Government have introduced this measure to enable people to get over this evil. So we should look at it only as a financial measure to make up the deficit which will be increasing hereafter year after year. Therefore it is Government's duty to increase its resources in anticipation.

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"Then, as regards trade and commerce, Dr. Sir K. V. Reddi mentioned *in extenso* how they will be affected; and from his speech I am led to think his information is rather some years old." (Laughter.)

DR. SIR K. V. REDDI NAYUDU :—"On a matter of personal explanation, Sir, it is only during the last two or three days that I got the information and if the hon. Member wants the names of merchants I am ready to give him."

* SRI V. VENKATAPUNNAYYA :—"The information is old though his receipt thereof is fresh and not old. As a businessman I may correct him. It is in the Guntur and Kistna districts that tobacco is most cultivated. Out of 2½ lakhs of acres under tobacco cultivation nearly one lakh and odd acres are cultivated with tobacco in Guntur and Kistna districts. There are three varieties of tobacco that are grown. They are, what are called, flue-cured virginia tobacco, sun-cured virginia tobacco and the country or native or lanka tobacco. These are grown in lanka lands and other similar rich soil. For it is only tobacco grown in such soil that sell at the rate of sixty or seventy rupees per candy, which are used for smoking. But for flue-cured tobacco last year the price went up to Rs. 380 per candy which was a record price. In the whole of India, only 25 per cent of tobacco is produced out of this Province and the rest of it is produced in this Province and mostly in two or three districts. So when we speak of tobacco trade, even with reference to this Province, it will be true of the whole of India also. This tobacco trade has received such a set-back last year which can be illustrated by one or two facts. In 1938 there were 250 shippers of tobacco, but this year it dwindled into 12. And this is due to the depression of tobacco trade in foreign countries. India is not in a position to dictate to the other foreign competitors because Indian tobacco has not yet become a world commodity, and because Rhodesia and Nyasaland and other foreign countries produce a larger variety of tobacco. Now it is a noteworthy feature that India produces the good cigarette varieties; but all the same its tobacco has not come up to the standard of the foreign kind. So India has still to face competition from other Empire tobaccos. The production of tobacco in a year in the Province is about forty million lbs. of which 3 million lbs. are consumed in India and the balance of 37 million lbs. are to be exported. Now if the surplus is not exported there will be overproduction. Now there is a clamour as evidenced by the resolutions of the Indian Tobacco Growers' Association to put an embargo on the export of inferior varieties of tobacco so as to secure a good price for the better varieties. I am describing all this in detail only to show the present tobacco trade position in the foreign countries. I quoted

the figures of production and export and consumption to show how we still have to depend upon foreign markets in England, or China or Japan or some other foreign country.

" Although I am not opposing this Bill as a piece of financial measure, I still want to show how India is to-day suffering owing to the world depression in tobacco trade and how in the wake of it, the trade will be affected. To add to this, England has imposed a restrictive duty and similar proposals are in contemplation now, as we hear, at Shanghai and Japan and under all this, India will suffer most. And this tax coming simultaneously, almost, along with the others, needless to say, tobacco trade will be hard hit.

" As regards the Bill proper, I may also say that it is capable of much more improvement than at present drafted. Because we see at page 8, clause 5, there is an item running thus:—

'Any wholesale dealer who sells or buys tobacco leaf. . .	One hundred rupees.'

" And again, Sir, on the same page under item (ii) we see this:—

'Any other wholesale dealer, not being manufacturer. . .	Fifty rupees.'

" Now if we scan these two items carefully, we don't find any difference between the two. Both of them deal with the wholesale dealer. It is not clear from the drafting what the difference between the two is, and what the intention of the Hon. Premier in having these two items is. The difference at least to me is not clear, because both are supposed to deal with the wholesale dealer."

MR. PRESIDENT:—" The hon. Member need not go into the details at this stage."

* SRI V. VENKATAPUNNAYYA:—" Thank you, Sir.

" Again, Sir, under clause 4, if the turnover does not exceed four hundred rupees but is over two hundred rupees the tax is twelve rupees, i.e., 3 per cent and if the turnover is over four hundred rupees, the tax is 10 per cent of the turnover. This distinction will put the dealer to a very hard position, inasmuch as he will have to sell his goods at a particular rate till his turnover reaches four hundred rupees, and after that at a higher rate, so that a man will be purchasing a packet of cigars for sometime at one rate and after sometime at a higher rate—an anomalous position. Thus there is bound to be some dislocation in trade. If there are two shopkeepers in the same place, one who is able to reach the limit of Rs. 400 will have to sell his articles at higher rates as the rate of tax is 10 per cent while his neighbour sells at lower rates. This is another anomaly.

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"Then, Sir, I have to say something with regard to some provisions of the Bill, which I will reserve till we come to the amendments' stage."

MR. PRESIDENT:—"Quite so."

* SRI V. VENKATAPUNNAYYA:—"Regarding the penal clauses . . ."

MR. PRESIDENT:—"All that, the hon. Member can postpone to a later stage."

* SRI V. VENKATAPUNNAYYA:—"I *am simply* touching on them. I wish to say only they are very onerous. They may also cause harassment by officials. We know 75 per cent of the manufactured tobacco is sold by way of cheap bidis and the persons who sell them are 99 per cent illiterate. As we pass the streets of the City we see them selling bidis and I may say, cent per cent of them are illiterate; you see them by the roadside most often. And how can you expect them to keep accounts of their sales, when even business people fail to maintain and keep correct accounts as is wanted by Government? Again, under clause 5, there are classes of people who are required only to take licences and with whose sales Government are not concerned and yet Government have clubbed them along with others. They can be as well exempted from production of any accounts. In fact, I fear, henceforth the time of most merchants will have to be spent not on sales, but on producing accounts to the Municipal authorities, the Income-tax department and the tobacco and sales tax officers (*Laughter*). I only wish Government will amend the Bill in a suitable manner so as not to cause annoyance and inconvenience to the merchants in the working of the measure. When all is said and done I must congratulate the Hon. Premier for this measure. I know several friends criticized it as a vice measure or a tax on luxury and so on. But in all civilized countries, it is neither called a vice measure or wise measure or luxurious tax measure but it is known as a consumption tax."

* SRI K. MADHAVA MENON:—"Mr. President, 'Blessed are the poor', not only because theirs is the Kingdom of Heaven but because Members of this House have repeatedly, one after the other, perhaps most of the hon. Members on the other side, have constituted themselves the sole custodians of the interests of the poor. (*Some* hon. Members: No, no.) It is rather strange a phenomenon, Sir, that Members of this House constituted as it is, take so much interest in the poor, for I know it is only those who have felt the pangs of poverty that can really understand the pangs of the poor. And many in this House, I am sure, have not felt it; perhaps a few on this side of the House like me might have felt, but not those who are damning with feigned 12-30 p.m.

praise and who are praising the principle of this Bill. (An hon. Member:—Question.) They have said that they do not oppose the Tobacco Bill, but they have brought in various amendments in such a way as to nullify the entire Bill. Practically that support has been a damning by feigned praise and that in the name of the poor. The opposition to this Bill as also the Sales Tax Bill has been in the name of the poor. But I can assert that it is not the poor that really mind this tax. The people who care about this Bill, if I may say so, the people who howl about this Bill, mainly outside, are people who exploit the poor and not the people who really feel for the poor. The poor man really does not mind it. He does not mind to pay a pie more for his bidi, if the Government could stop the drink. (Sri B. Narayanaswami Nayudu: Oh!) It is said by one hon. Member, 'You give something to the poor by prohibiting drink, but you take away that money by the other hand by this taxation.' I do not concede it. Even so, the poor man does not mind to pay a tax. Sir, I do not want to speak about the various principles of budgets and other things enunciated by the hon. Member, Mr. B. Narayanaswami Nayudu, but I want to remind him through you of the great warning that was hurled at the Prime Minister when the budget was being discussed that 'For your mad fanaticism of Prohibition, posterity will condemn you.' Sir, I tell him also, 'Posterity will condemn you, also the poor crores will condemn you, if you do not take the opportunity, when you have been given the opportunity, to establish Prohibition throughout the Province; for then posterity will certainly condemn you, not because you tax them but because, you did not avail yourself of the opportunity to give relief to the poor from drink when you had the opportunity to do it.' I do not want to speak more about it. These crocodile tears for the poor is only a cloak to conceal the tricks of those who exploit the poor for their own purposes."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Afer all that has been said by my hon. Friend, Mr. Narayanaswami Nayudu, I do not propose to repeat the arguments. It has become a matter of laughter now, when people occupying these benches speak for the poor and it is said that the tears which they shed are only crocodile tears, while the tears shed by the people now occupying the opposite benches when they were sitting on this side were asked to be taken as tears.

"It was stated, Sir, that by the Prohibition policy they are bringing domestic peace. I wish to state, Sir, that people who are not addicted to drink are not immune from that crime of giving trouble to their wives in their houses. Therefore by stopping drink they are not completely bringing domestic peace. The Hon. Revenue Minister says that there are worse men who are teasing their wives more than the people who are addicted to drink. Sir,

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he says that the poor man does not mind the tax. I question that statement. How is he going to substantiate that statement? With regard to the maintenance of accounts, as my Friend, Mr. Ramakrishna Reddi said yesterday, even the *Angadi Kudai* women are bound to have accounts according to this Bill, because they will have a few packets of bidis—in my place they are not using cigarettes—they will carry a few packets of bidis to the threshing fields; they must have an account, so as to pay the tax to the village munsif or anybody who is the tax-collector of the Government. The effect of this will be known to the other side only when they collect the tax and they will be able to know how people feel about it. Many hon. Friends stated here—the Hon. Revenue Minister says—they will be happy to pay. I wish to say that they will not be happy to pay. It will be seen only in practice and not in theory. As one who was not against the Prohibition policy, we have supported the policy that was brought before the House. But we asked you, how you are going to make good the loss of the revenue. One Member of this House said ' They have determined to pass the Prohibition Bill now. We will pass it. But it does not mean that we will be agreeable to any and every taxation measure that they may bring in.' I am not going to say more. The Hon. Premier himself has said that they do not know how much they are going to get from this taxation measure and naturally, we on this side do not know how much they are going to get. According to my hon. Friend, Mr. Narayanaswami Nayudu, they are going to get more than a crore; according to the Prime Minister it may be only 50 lakhs. I do not want to go into that. The main object for which the money is required now is only to balance the budget which is very small. When the amendments to reduce the tax are moved, I hope the Hon. the Premier will be reasonable to accept some of the reasonable amendments and if he finds that he does not get sufficient amount of money, he can enhance the tax during the next budget. Though in the other place it was told that he was not reasonable, I hope the Hon. the Premier will be reasonable at least in this House."

SRI RAO BAHADUR M. RAMAN:—" *Mr. President, after* all the speeches that have been made, I do not think I have got much to say. But all the same, allow me, Sir, to make a few observations on some of the provisions of the Bill.

" Before doing so, I think according to the dictum just now laid down by Mr. Madhava Menon, I am entitled to speak for the poor. I know the conditions and the life of the poor much more than any one here, both by experience and by right. (Hear, hear.) I am afraid that many of those people who speak here have done nothing for the poor. I have not seen even one legislation which will benefit the poor, but it has always been just the reverse.

" Dealing with the Bill itself, I should admit that the Government should find the money for carrying on the administration

when the treasury is getting day by day empty, whatever the reason; they should certainly find it inevitable to levy new taxes. My only objection to this present Bill is that it is on an article which is so widely used by the poor people and the rich and especially by the poor, and the dealers in which are generally very small shopkeepers. I do not mind the big dealers. I do not care what happens to them. I do not admit the statement made by another hon. Member that because the neighbour's smoke comes
12-45 p.m. to him, it should be stopped. He will to-morrow stop me from breathing because of the carbonic acid I breathe. However, the Government have, deliberately or not, taken the mud-bath of Prohibition. Let us not prevent them from having a bucket of clean water to take a clean bath. I won't object to the tax, but I would only object to the method of doing it.

"It has been said often by the Government that tobacco is an article that is very heavily taxed elsewhere. I would request those Members who indulge in such remarks that it is better that they do not do so before they compare the condition of the poor people here with the condition of the people outside. With one anna of average income here in India, you compare them with people in Australia, Sweden, Norway and other places. That would not be fair. Our country is admittedly poor and our standard of life is equally poor. Even without the long line of taxes that are coming one after another in rapid succession our people have been suffering. So, do not mislead our innocent folk by such comparisons, for when they know the truth they will know that the Legislature and the Government had been unfair to them.

"It has been stated in the Statement of Objects and Reasons that the growers will not be affected in any manner. I am not so sure of this. If the result of the taxation is to affect the trade, to reduce the volume of trade, surely the growers will also be affected, specially because export as such has been excluded. The person who purchases from the next man has to pay a little more on account of this tax and he will find it difficult either to export or sell it even at the price. Therefore he will be affected.

"I do not know why registered companies and co-operative societies have been excluded from the definition of 'grower'. They are the largest growers and it is their volume of trade that will have to settle the rate of prices. I would have at least hoped that the Government would have exempted the co-operative societies. But the argument seems to be that co-operation should be allowed to learn to walk.

"Another objection is to the limit that is placed on the quantities kept for private use. This will be a perpetual source of annoyance as we know what use these small things will be made use of by the officers—in fact tobacco will be treated just as ganja is now done. There will be a lot of inconvenience to the ordinary person.

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"Yet another objection is that this tax and the taxation measures already passed will produce more than one and a half crores. There is absolutely no justification for this Bill just now. The Government should have selected only such articles as will not affect people much. They have not, however, done so and it is certainly a bad principle to have a lot of money. Excess money with people leads them to bad ways and I do not think Government is an exception. I do not want to say more because the other gigantic Bill is coming and we will have occasion to speak then.

"I find on a calculation that the dealer who deals in about Rs. 1,260—I take a particular figure—will make only five annas a day. Of course I am sure most of these small merchants will go out and will join the ranks of the unemployed. The rates are, as I said, very high. The penalty is also unnecessarily high. Ten per cent is unimaginable. Three or four per cent I can think of. If a man has a turnover of one thousand rupees, two-thirds of it go as his capital and the balance is Rs. 300. For this he will pay a tax on Rs. 1,000 of Rs. 40 and the balance is Rs. 260. Deducting the interest on the capital, shop rent, pay of the clerk—for the man who deals in three rupees rate has to maintain a clerk—I find that the balance will be about four to five annas a day. I am sure he will give up his trade and go away. The obligation to keep books and then to be responsible for the work of the writer when he himself does not know the work, is great. It will be just like the saying in English 'If you don't know the language, ask your neighbour.' The man himself does not know any accounting and he has to check the accounts. That maintenance of accounts in the case of small shop-keepers should somehow be given up and some other method should be adopted. With these few words, Sir, I sit down."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Mr. President, the arguments with respect to particular clauses need not of course be dealt with by me at this stage. But with regard to the general statements made I wish to offer a few explanations.

"Much insistence was laid on the principle that we should not levy a tax and that the House should not give sanction to a levy unless there was a definite plan of expenditure which necessitated that levy. I tried to show in the other House, which was chiefly interested in such principles, that we had not, in making this proposal or the other proposal with reference to the General Sales Tax, infringed any established financial maxims of that kind. On the contrary I tried to show that it would be very wrong on the part of a Government to make good the losses in regard to the previous recurring revenues of the

Government without providing either for the reduced expenditure or for fresh sources of revenue. It would have been certainly wrong—it may be pointed out by Members on the other side, as some did when the proposal with reference to Prohibition came—it would have been wrong I say, and the other side would have been entitled to point out that it was wrong, for the Government to give up the drink revenue when they did not sketch out how they proposed to make up for it or how they proposed to reduce expenditure. It is mixed up with the question of how much exactly is lost in each year and how much exactly should be made up either by retrenchment or by fresh sources of taxation in each particular year. No principle can be worked to death. Even if principles be as well established as a mathematical proposition, even such principles cannot be worked to death until principles become absolutely wrong. It is true that taxation measures should not be undertaken merely for the purpose of hoarding money but should be undertaken for the purpose of expenditure. In bygone days when Government's interest was opposed to the interests of the people, that is to say, when autocratic rulers levied taxes there was little distinction between the private purse of those rulers and the treasury. Gradually, however, every one has admitted that taxation should go hand in hand with the requirements of the State and public expenditure. This, however, should not be mixed up with what may be narrow, and ultimately become a wroug proposition altogether, to say, that expenditure should first be incurred and then revenue must be sought for by proposals being made in the Assembly and in the second Chamber and by assent of the Governor being acquired thereunder."

SRI B. NARAYANASWAMI NAYUDU:—"On a point of personal explanation, Sir, I never said that expenditure should be first incurred and then the revenue must be sought. I said that expenditure should be placed before the House for the year. The point is definite."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I am quite aware of the fact that when I actually explained what has been wrongly stated the thing is made to look so wrong that the hon. Member who made the statement is immediately prompted to get up and contradict and to create a new modified statement for the criticism. But we cannot go on like that for all time. (Sri B. Narayanaswami Nayudu: No.) I maintain that I am stating the correct proposition and that very inference may be drawn by the House. I do not say that what I stated just now was stated by Mr. Narayanaswami Nayudu. But what Mr. Narayanaswami Nayudu stated can be examined in the light of what I have said just now. Let it be admitted first that it

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is not possible for any Government first to incur the expenditure and to find themselves in a hole and then to come to this Legislature for sanction for new forms of taxation. If this is so wrong that it will be admitted at once, then let us see what is the next inference from that. If we have a policy which must necessarily go by way of reduction of revenue we must also have a policy which must necessarily go forward in replacing that revenue gradually, if not at once. If a policy is established which gives up established revenue we can know how much it will amount to in course of time. But a new revenue found is not to be calculated in that same exact manner nor can it be done.

"I confess at once, as all hon. Members have said before and I repeat now, that the estimate from this revenue that I am proposing is not calculatable in any degree of exactness. Some Members have gone off to-day saying that we expect, or somebody expects, a crore and a half. It is wholly wrong. It is most imaginary. And, if by March of any year, it is found that we reach that figure under this head, I am prepared to withdraw not only the particular rates that they are referring to but much more. But these are mere conjectural pictures. Some Members were pleased to ask me yesterday and I said it may be fifty lakhs. A more conservative estimate may be thirty lakhs. But I said at once it is all conjecture, because all calculations hitherto made were made on two bases which have dropped off from the present proposal. First, the monopoly measure, the monopoly of all tobacco trade which has been given up; the monopoly of all tobacco including the dealings in leaf as well as in manufactured tobacco is very different from the *ad valorem* duty on manufactured tobacco. Then again another basis on which calculations were made was that it would be, if not a monopoly trade, a taxation measure covering all forms of tobacco excluding only growers' small dealings of his own produce. That also furnishes no parallel now, because we have excluded all dealings from the *ad valorem* tax, all dealings with reference to them. So that unless we secure registration of dealers in tobacco, unless we secure statistics which will show not only the number of dealers and their location, but also the quantity of dealings, this form of sales-tax is difficult to estimate with regard to revenue-producing capacity as any other form of sales-tax, whether it be general or particular. This tobacco sales-tax is a particular form of sales-tax and it is difficult to state how many transactions will take place in our Province coming under the tax and therefore even the best statisticians, even the most daring statisticians will not be able to give anything like a correct and approximate figure. All the same, we may approach the subject from various angles. It may perhaps give a

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rough way of calculation and out of that something is said. Even if they go wrong by a whole cipher, one will not be disappointed. That is the position with regard to conjectures. It may be asked: 'Why launch on a sea which is so rough?' 'If a thing cannot be calculated with any degree of certainty, why do you propose the tax?' I say the reason is obvious. It may be difficult to calculate, but it is necessary to get the revenue. It may be difficult to calculate. On that ground you cannot criticise, as it is necessary to get the revenue. So we must subject ourselves to it. There will be time enough in one year, as it will give us sufficient basis for revising our attitude with regard to the quantum. There is nothing to prevent us from alteration.

"Then a third argument that has been presented to us is: 'Start low and hasten slowly; start low and then raise the tax if you don't find it enough.' Now, Sir, if we proceed with a reduction of established revenue and we hasten slowly with regard to replacement, it is not a wise way of dealing with it at all. It is possible to reduce taxation; but it is not easy to levy new taxation or raise the previous rates that we had agreed to. This advice of hastening slowly should be given to us wholesale, that is to say, it should be given to us even when we gave up the revenue from Prohibition. I cannot deny that it was not given to us. It was given to us. I cannot deny that the other side vehemently protested against the launching of Prohibition at all. Therefore any advice with reference to hastening slowly should apply to the first step and not to the second step. However we have already accepted the position rightly or wrongly and we have accepted the policy of Prohibition and we have advanced well in that matter. We have not found any reasons to repent. Therefore our commitments are clear. That is the explanation why we must adopt and modify financial procedures that we find in books or reports to our own circumstances and we cannot simply copy financial principles without understanding them fully or understanding them only in a literal manner, just as a school boy copies every stroke when he takes a copy book. We have to apply those principles intelligently to the matter and to the circumstances and the environments of our own problems. Now even literally applying the procedure employed by great Governments in other countries with reference to great social changes, it gives us full and ample precedent for levying taxes of this kind. As regards increasing tax later on after starting low, it is also a good piece of advice; I do not deny. In all matters it is good to start slow and proceed slowly. But there are some matters where we have to do an unpleasant thing and it is better done quickly. I do not think I trespass my Hon. Colleague, the Minister for Public Health's ground, if I say, 'If you have to put a needle into a patient, you must do it smartly and not proceed slowly. If you have to put a

needle into a patient, you will have to do it fairly smartly and quickly and do your business once for all, and not tell him " I have gone half inch to-day and I will do the other half to-morrow." You would not find the patient at all.' I submit, Sir, that even the principle of hastening slowly has to be applied very intelligently and not in a literal and casual way. There are some things in which we should hasten slowly and some things in which we must dispatch quickly. This is what I should say with regard to the arguments of taxation by driblets.

" Then, Sir, let me see whether this is amounting to destruction. The pictures drawn by Friends on the opposite side no doubt were such as to create nightmares. These pictures have been skilfully drawn by Members on the opposite side, each from the particular point of view from which he viewed this subject. Sir K. V. Reddi was particular in starting what I hope was not intended but in effect amounted to trying to put Telugu districts against Tamil districts. He did not intend it but in effect it was that."

DR. SIR K. V. REDDI NAYUDU :—" No rat ueed be smelt where none exists."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am glad, Sir, that that was not his object. But is it right to do anything so dangerous as that in enterprises, in baby enterprises, of self-Government through which we are going? Is it right to start such notions? Will it stand only as an attack against this Government? It is a thing done for the whole country. If any quarrels of this kind are set starting, they rebound and have repercussions in ever so many ways. They will not hurt only this Government, but everybody concerned—even those who made the statement may be hurt later on by such things. It is not right. Let us be cautious and if anything in administration has to be gone through, it is this. Sometimes one measure may seem to affect one man; one measure may seem to affect one caste; one measure may seem to affect one community. But for Members in Democracy, for Members of the Opposition Benches, not to withstand the temptation of seizing such opportunities of this kind for easy criticism is not courage and is dangerous."

DR. SIR K. V. REDDI NAYUDU :—" Does it mean that even when one feels that a certain thing will have a certain effect, one should not say so? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" A very general and smart statement, but it does not meet my point at all. What I say is this: When any particular measure seems to affect one man more than another, or seems to affect one district more than another or seems to affect one community more than another, there is great temptation for Members of the Opposition Benches

in democracy to seize that for criticism and put it forward, whereas it would be deadly to national progress, because it may only *seem* to be so, but it is not really so."

Dr. Sir K. V. REDDI NAYUDU :—" Is it not really so? We did not say you intended it. We only say it has that effect."

Sri B. NARAYANASWAMI NAYUDU :—" Why should we go behind appearances? "

* The Hon. Sri C. RAJAGOPALACHARIAR :—" We have to go behind certain appearances, because we have to understand the reality of the thing. We cannot be carried away by appearances, Mr. Narayanaswami Nayudu may know once for all. We have to go behind appearances. We cannot, at any rate, though the Opposition may, simply be carried away by appearances. You have to go beyond appearances if you care to co-operate. If you do not care to co-operate, if your object is only to be satisfied with appearances, you are at liberty to do so. But people will appraise your opposition according to the merits earned. I maintain that the idea that anything proposed to be done in this Bill is intended to benefit one district more than another is nonsense, is wrong, is absolutely false. There is no doubt whatsoever about it. Let us take the facts, even apart from your intentions. It was stated that the Telugu districts . . ."

Sri Rao Bahadur N. R. SAMIAPPA MUDALIYAR :—" On a point of order, Sir. Is ' nonsense ' parliamentary? "

The Hon. Sri C. RAJAGOPALACHARIAR :—" I am very sorry I have used that word. Many people don't exactly see the point. ' Nonsense ' is not a word. Nonsense is the one we all suffer from. That is absence of sense. There is no sense in which it is unparliamentary. Apart from that, if I have hurt, I am very sorry. I never intended it. Any idea that we are doing anything to benefit one district more than another is a very grave charge which must be repudiated by me."

Dr. Sir K. V. REDDI NAYUDU :—" I must protest against that. I have never said that that is the intention of it. I said the effect of it is that."

Sri A. RANGASWAMI AYYANGAR :—" He used the word ' discrimination. ' What does it mean? "

* The Hon. Sri C. RAJAGOPALACHARIAR :—" Sir, it is open in parliamentary language to say the opposite of a thing and yet intend it. (A voice : ' That is only open to young ladies.') It is true. But I say twice if they said once. Here it was said more solemnly. However, Sir, to start the whole speech in that way put me on the alert for the intention. If it had come in somewhere in the middle, it is something. To begin the whole speech and who, a leader of standing, one who might have led the

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Opposition benches if he cared, one who had the highest administrative responsibilities to look after with the word 'discrimination' and discrimination in respect of districts to which I, by misfortune, do not belong and which by fortune the Telugu people belong—a sad accident all these (it might have been the other way about) and Sir K. V. Reddi had the opportunity of saying that I was discriminating against the Telugu districts; I could never have been misled by all these things at all. No doubt, I have dwelt too long on this point. Let me admit that there is a very large interest in the agricultural produce of tobacco concentrated in the Telugu districts. It is quite true. Mixed up with that, Sir K. V. Reddi referred to the small woman-hawker who bought the leaf and rolled them into rough cheroot and sold them here and there. It is slightly different and may confuse the argument. It is slightly different from the admitted large volume of tobacco cultivation that is concentrated in the 1.15 Telugu districts. With reference to that, any observation made p.m. will be very valuable and we will have to examine it. With reference to the trouble given to the smaller dealers, the hawkers of cigarettes, cheroots and so on, we will deal separately. As regards the larger, the agricultural interest in the cultivation of tobacco, let me point out to hon. Members that this proposed Bill is entirely different from the previous Bill with which some hon. Members are familiar. The previous measure which was sought to be introduced by the past Government covered the whole class of tobacco, the whole of the produce whether manufactured or non-manufactured and it was intended to tax it all. Let not that withdrawn measure be confused with the present measure. In this measure we propose to tax only manufactured tobacco and so this lays no burden upon the leaf tobacco except, as I said at the outset, that licences will have to be taken by the larger dealers and by all dealers at varying rates. But the growers or producers of tobacco who dispose of their produce to the exporting firms or merchants in the country will not be under any obligation or restriction or licence. All growers of tobacco are exempted and in whatever quantity they may grow, it does not matter. Those who deal in tobacco grown by others, the tobacco traders and dealers only are brought under regulation and licence. But they are not brought under the *ad valorem* duty unless they deal in cigars, cheroots, cigarettes and the like, not in tobacco cured or uncured.

"With reference to various grievances mentioned to the Government, the monopoly scheme has been entirely dropped. At that time dealers of all kinds agreed in offering to this Government that they are not going to object to the tobacco tax and said that the Government can levy any tax it liked provided it is reasonable, but let there not be a monopoly. So this was accepted

and we did not want to disturb the trade, though we very well knew that the monopoly may not bring as much revenue at all as a regular *ad valorem* tax might. But if we waited long, human nature being what it is, it was possible that the Government could have squeezed out much more money from the monopoly system; but because of the disturbance that it would cause to the trade, we gave it up and adopted the *ad valorem* duty. But even there we have gone beyond what the traders represented to us. We have not taxed the leaf trade, cured or uncured, though they were prepared to subject this even to a tax. We did not go so far. I draw the attention of the House to clause 3 of this Bill which makes it perfectly clear with regard to growers: 'Provided that a grower may, without licence or restriction, sell as leaf tobacco grown by him, or grown and cured by him for the purpose of marketing it as leaf.' Now, this is a part of the measure. This is a proviso which should be carefully kept in mind when hon. Gentlemen make any criticism of the Bill.

"The other point was about chewing and about smoking. A battle was started between chewing and smoking. Sir, it need not be forgotten that snuff has been included in 'manufactured tobacco.' There is nothing so common as snuff throughout the districts. I do not know about the Telugu districts, but it is certainly so common that I am inclined to believe that snuff is more popular in the south than even in the Telugu districts. But apart from any relativity in the matter, there is no doubt that it is prevalent all over the country. It has been brought under licence and under *ad valorem* tax also. Therefore it is not as if any one wanted to save any particular district from the trouble of the *ad valorem* duty."

DR. SIR K. V. REDDI NAYUDU:—"There is an export of one crore of rupees worth of snuff from this province."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I will come to exports. It was not intended to save any particular linguistic area from this trouble. It would not save any linguistic area from any *ad valorem* duty. Snuff will be charged, but not cigarettes and bidis all over the country.

"Leaving aside discrimination, Mr. Raman was good enough to make the statement that though we talked of helping the poor, nothing has been done, since he was nominated to this Council, for the sake of the poor. I do not know if I heard him aright; but if he said so, I must charge him with great lapse of memory or a complete misunderstanding of what is good for the poor and what is not good for the poor. I must say that there is nothing which helps the poorest in this country as the policy of Prohibition adopted by us."

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DR. SIR K. V. REDDI NAYUDU :—" We have to differ, Sir, on that."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" We do differ. Therefore it was not lapse of memory. I hope Mr. Raman remembers that drink has been partially abolished and is on the way to be abolished altogether and yet makes the statement that we have done nothing to help the poor. I beg to differ again from that estimate of our policy. I do think that there is no single measure which would help tho poor, as this policy of Prohibition. It is true that I can print 25 more pages of relief given by saying that I gave this and that to such and such villages and that I gave 25 appointments this year to persons or classes among whom there are a large number of poor people and so on. But there is no single measure which would benefit the poor in this country as Prohibition. It is true that people who can afford to buy costly liquor, who can afford to regulate their drink and who can find the time and the intelligence to order their drinks properly and without ruining their health, can indulge in intoxicants. They would not be either benefited or hurt by Prohibition excepting in their feelings. But with regard to the poor there is no doubt whatsoever that there is no single measure which will benefit the poor as Prohibition."

SRI RAO BAHADUR M. RAMAN :—" Too early to say that. I am carefully following the official reports."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I can understand that. But let me at least have the spiritual advantage of a hope on the part of even those who may differ from us that Prohibition may succeed and benefit the country, because it is not only now that we have thought so and because it is not for any political object that we have chosen to think that Prohibition is good. If we are launching on that, let us immediately see where we stand financially. I crave Mr. Narayanaswami Nayudu's attention now, because he feels that we are doing something wrong in this matter. If we have launched on the policy of Prohibition definitely and if we have given the benefit of Prohibition to some districts and if district after district want the benefit of Prohibition, how can we resist it? The demand grows in geometrical progression. Fortunately, according to us, people in other districts think that Prohibition is succeeding in the districts and that it has done good. Mr. Raman may differ and Sir K. V. Reddi may differ, but fortunately or unfortunately, the commonfolk of all the districts believe that Prohibition has succeeded and that it has done good and they want it also. Otherwise I would be opening myself to a very bitter charge that I have introduced Prohibition in one linguistic area only and not in others. That will be a very proper charge of discrimination coming from people living in the other districts. They may very well say that they are not having the benefit of whatever is given

to other districts. We cannot resist it. I said there is another point also to be remembered. These things must go at a geometrically accelerated pace."

SRI B. NARAYANASWAMI NAYUDU:—"I have no objection at all."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Yes, the hon. Member has no objection. It is not possible to regulate the pace of Prohibition. It drops like a stone that falls from above. It falls down at 32 feet per second. If a small portion of the Province is brought under Prohibition, there will be tremendous opposition. The rest of the Province cannot simply wait for all time. They will demand it and there will be need for making up a deficit of 4 crores facing us soon. It is there before us. 'An expanding source of revenue', those were the words used by Mr. Narayanaswami Nayudu, does not necessarily mean that the House must agree to a particular rate and then we must have authority to increase the rate. I say that it is not possible to expect any new source of revenue to be organized all at once straightaway. Which department will administer it? We may not have one particular department, or, if we have one such department, it may not do its work properly and we may have to try another department. That was how they started the Abkari and the Income-tax Act. They have settled down in a new way now. Similarly, for these sales taxes we may have to form a machinery. We will have to proceed cautiously. Therefore, even though a source of revenue might appear to be very large, what we will get immediately will be very small and may not be sufficient to meet the expenditure required for collecting the same. When we build a bridge the basement must be built properly. These revenues which may be small at the outset will gradually grow and will soon come up to a level in order to meet the four crores that we may require. But this tobacco tax will never be able to do that alone. That is why the Sales tax. Even that will not be able to meet our needs. That is why we want other taxes also. We have to do other things besides raising the taxes to meet the deficit that we may have to meet if we give up the drink revenue altogether.

"That, Sir, is the justification that I offer for the objections raised on the ground of financial impropriety over this matter. With regard to exports, I will deal only generally and summarily and I will dispose of it for the present. It is true that Sir K. V. Reddi Nayudu's point is correct that any tax that we impose on our exports will affect the trade in the foreign markets and it is necessary that our produce should be sold there and that a repercussion of a tax on exports would be that our trade there would be affected. I do not know if he had said this. If he had said this I am correct. If he had not said this, my memory is wrong. . ."

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DR. SIR K. V. REDDI NAYUDU:—"I said that in another connexion."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I admit it. At the same time it appeared to me that he was suggesting the wholly contrary point when he said 'Why don't you impose a tax on tobacco leaf exporters? I make that charge against you.' I would submit that he has himself given reasons for our being unable to do this. Sir, it is not merely enough to tax 'A', 'B', or 'C'. A repercussion on export duty will immediately be on the people who produce the commodity. Sir, this is not export duty that we are levying. By this export duty it is the producer that will suffer a bit, especially when the entire raw-material has to practically go out of this country and has to be sold in foreign markets. That is why we have hesitated in levying a duty in certain respects. But it is true that a certain amount of manufactured tobacco is exported and it is true that it may even be a little more difficult than have hitherto been to sell the produce in foreign markets particularly in view of the tax that is going to be levied on sales that will take place here. I may however assure hon. Members that many merchants have misunderstood the provisions of this Bill not only on account of the difficulty of the language, but also because—I am rather inclined to think from the many representations that have been made in respect of this Bill by the merchants—their feelings have been roused and their intelligence has been blurred so as to make them think that all exports will be taxed. Exports cannot be taxed, and we are not levying export duty or import duty. If sales take place in our Province we can tax them and we are going to tax generally all the wholesale dealers who export the produce of their own people and such a trade will not be affected by this measure. It is quite a different thing to say whether they should or should not contribute something to the treasury here, but it is entirely a different matter to say that so far as this Bill goes, it will not affect them. Therefore, I would say that this measure will not at all affect export trade, and therefore there could be no objection to this measure on account of the fact that it is going to have any repercussions on the export trade. The tax that is levied generally may look heavy. It is a substantial tax. It is not a small tax. But when the question of rate is taken up I shall be able to explain that it is not too much; it is not too high. That is the general defence and I do hope that the House will accept the Bill, and I move that it be taken into consideration."

The motion that the Bill be taken into consideration at once was put and carried.

The House then adjourned to meet again at 11 a.m. on Monday, the 15th May 1939.

APPENDIX I.

[Vide answer to starred question No. 267 asked by Sri B. Bheema Rao at the meeting of the Legislative Council held on the 13th May 1939, page 187 supra.]

Statement.

Name of the district.	Amount sanctioned. RS.	Name of the district.	Amount sanctioned. RS.
1 Chittoor	20,230	15 Chingleput	12,050
2 Guntur	20,230	16 Ramnad	20,230
3 Nellore	20,230	17 South Arcot	20,230
4 North Arcot	20,230	18 Tinnevelly	12,500
5 Vizagapatam	20,230	19 Tanjore	24,950
6 Salem	20,230	20 Malabar	20,000
7 Coimbatore	13,470	21 Nilgiris	20,230
8 Trichinopoly	45,230	22 Kistna	20,230
9 Cuddapah	30,000	23 East Godavari ..	20,230
10 Kurnool	18,000	24 West Godavari ..	20,230
11 Madura	20,230		
12 Anantapur	25,000	Total ..	4,63,000
13 Bellary	19,000		
14 South Kanara ..	8,000		

APPENDIX II.

[Vide answer to starred question No. 274 asked by Sri Diwan Bahadur R. Srinivasan at the meeting of the Legislative Council held on the 13th May 1939, page 193 supra.]

Statement showing the extent of lands available for assignment.

	Dry. ACS.	Wet. ACS.	Remarks.
Vizagapatam district—			
Gudem taluk ..	1,358·17 *	4·86	* This includes an extent of 3 acres of manavari land.
Sarvasiddhi taluk ..	1,409·79	283·57	
Golugonda taluk ..	2,447·94	7·97	
Ichapur taluk ..	967·68	677·02	
Palakonda taluk ..	440·03	33·01	The extent available in the Palakonda Agency has not been noted as it is not settled and as lands in the agency are restricted to the hill tribes.
arasannapeta taluk..	982·13 †	223·18 ‡	† This extent includes an extent of 457·33 acres of occupied unassessed and poramboke lands and an extent of 184·51 acres of occupied banjar lands. The rest is unoccupied banjar. ‡ This extent includes an extent of 4·95 acres of occupied poramboke and unassessed land and an extent of 41·13 acres of occupied banjar lands. The rest is unoccupied banjar.

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	Dry.	Wet.	Remarks.
	ACS.	ACS.	
Vizagapatam district—*cont.*			
Chicacole taluk ..	809·27 *	67·72 †	* This extent includes an extent of 230·51 acres of occupied unassessed and poramboke lands and 303·83 acres of occupied banjar lands. The rest is unoccupied banjar. † This extent includes an extent of 2·00 acres of occupied unassessed and poramboke land and 24·12 acres of occupied banjar lands. The rest is unoccupied banjar.
Total ..	8,415·01	1,297·33	
East Godavari district—			
Amalapur taluk ..	3,115·78	26·98	
Bhadrachalam Agency.	..	..	No extent is set apart as assessed waste in the taluk. Extensive unreserve lands are available which can be cleared of jungle growth and cultivated by needy persons.
Cocanada	1,668·59	65·04	
Nugur Agency ..	15,594·32	23·53	
Peddapuram	189·34	..	
Pitbapuram Zamindari.	..	..	All the villages in the taluk are zamindari villages and no Government land is available for assignment.
Polavaram Agency ..	11,763·87	7·14	
Rajahmundry	1,323·57	2·69	
Ramachandrapuram ..	538·47	1·00	
Rampa Chodavaram Agency.	..	..	There is only one Government village in the taluk and no land is available for assignment in it. The remaining villages of the taluk are either mutta or zamindari villages.
Razole	5,507·71	85·33	
Tuni (Zamindari) ..	..	..	All the villages in the taluk are zamindari villages and no Government land is available for assignment.
Yellavaram Agency ..	12,496·47	9·10	
Total ..	52,198·12	220·81	
West Godavari district—			
Tanuku taluk—			
Tadepalligudem taluk.	2,020·00	462·00	
Chintalapudi taluk ..	18,477·15	7·96	
Ellore taluk ..	16,712·00	530·00	
Kovvur taluk ..	544·13	4·13	
Bhimavaram taluk ..	4,638·26	526·84	
Narasapur taluk ..	11,577·84	878·25	
Total ..	53,969·38	2,409·18	

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	Dry.	Wet.	Remarks.
	ACS.	ACS.	Dry included in wet ayacut. ACS.
Kistna district—			
Divi taluk	3,226·76	4,540·66	28·30 (irrigated dry).
Bandar taluk	9,350·93	12·26	1,069·84
Nandigama	727·82	42·05	26·36
Bezwada	1,055·48	80·44	24·74
Kaikalur	5,766·06	1,397·21	7,586·58
Gudivada	7·85	..	10·31
Gannavaram	..	..	..
Total ..	20,134·90	6,072·62	8,746·13
Guntur district—			
Ongole taluk	10,480·33	236·10	
Bapatla taluk ..	13,794·23	28·55	
Repalle taluk	4,973·75	22·71	The extents shown in columns (2) and (3) include the areas under sivayi-jama occupation.
Tenali taluk	42·56	10·27	
Guntur taluk	519·32	1·05	
Sattenapalle	845·00	80·00	
Narasaraopet	2,031·92	..	
Vinukonda	8,904·79	23·45	
Palnad	16,320·94	89·71	
Total ..	57,912·84	491·84	
Nellore district—			
Gudur taluk	5,302·03	447·88	
Rapur	25,868·24	137·64	
Nellore	1,949·39	156·11	
Kovur	2,501·21	6,026·80	
Kavali	19,069·23	515·10	
Atmakur	34,920·36	180·24	
Udayagiri	56,450·72	85·04	
Kandukur	18,733·56	807·89	
Kanigiri	42,465·42	10·77	
Muthukur	5,307·30	2,289·46	
Sulurpet	1 591·39	137·96	
Total ..	214,158·85	10,794·89	
Kurnool district—			
Sirvel taluk	16,837·05	3·47	
Cumbum taluk ..	27,679·47	1·10	
Dhone taluk	39,978·82	54·74	
Nandikotkur	41,302·00	5,578·00	This includes irrigable dry lands also.
Markapur	47,555·41	4·92	
Pattikonda	12,497·43	17·29	
Nandyal	10,839·70	2·37	
Koilkuntla	5,578·67	89·46	
Kurnool	26,797·08	17·53	
Total ..	228,563·63	5,768·88	

	Dry.	Wet.	Remarks.
	ACS.	ACS.	
Bellary district—			
Bellary taluk	5,323·00	39·00	
Rayadrug	18,129·50	1,154·68	
Siruguppa	3,170·00	102·00	
Adoni	7,396·02	26·49	
Yemmiganur	1,991·34	44·69	
Alur	1,780·77	8·29	
Hospet	21,907·02 *	698·07	* 477·44 acres unassessed and unfit for cultivation.
Harpanahalli	13,963·05 †	46·69	† 8,989·88 acres unassessed.
Kudligi	60,964·78	440·21	
Hadagalli	20,177·47	145·19	
Total ..	*154,802·95*	*2,705·31*	

	Dry.	Wet.
Anantapur district—		
Anantapur taluk ..	111,812·00	1,284·00
Kalyandrug	136,513·00	533·00
Gooty	13,932·00	271·00
Tadpatri	13,311·00	723·00
Dharmavaram ..	118,976·00	595·00
Kadiri	38,620·00	322·00
Penukonda	28,840·00	148·00
Hindupur	28,647·00	232·00
Madakasira	44,741·00	321·00
Total ..	535,392·00	4,429·00

	Dry.	Wet.
Chittoor district—		
Chittoor taluk ..	16,716·04	83·98
Chandragiri	3,685·12	36·55
Madanapalle	14,573·81	274·48
Vayalpad	22,694·92	220·54
Palmaner	8,387·96	296·14
Punganur	740·85	43·47
Kalahasti	Nil.	Nil.
Puttur	Nil.	Nil.
Tiruttani	Nil.	Nil.
Total ..	67,698·70	955·16

	Extent available for assignment.		Extent reserved for scheduled classes.	
	Dry.	Wet.	Dry.	Wet.
	ACS.	ACS.	ACS.	ACS.
Chingleput district—				
Ponneri taluk	1,031·31	301·50	279·30	21·24
Tiruvallur taluk ..	1,038·72	94·70	77·02	..
Saidapet taluk ..	3,396·56	353·59	23·93	117·44
Sriperumbudur taluk ..	268·05	22·77	95·86	2·33
Chingleput taluk ..	2,308·32	403·13	585·10	7·92
Conjeeveram taluk ..	1,531·59	92·10	137·00	0·56
Madurantakam taluk ..	2,982·07	202·68	860·89	81·26
Total ..	12,556·62	1,470·56	2,059·10	230·75

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	Extent available for assignment.		
	Dry.	Wet.	Remarks.
	ACS.	ACS.	
North Arcot district—			
Tiruvannamalai taluk.	11,963·00	110·00	
Wandiwash taluk	2,977·89	335·89	
Chengam taluk ..	35,264·89	185·82	
Arkonam taluk ..	8,103·85	496·71	
Tiruppattur taluk ..	1,232·89	65·18	
Polur taluk	10,814·52	414·54	
Vellore taluk	1,525·63	22·49	
Cheyyar taluk	3,163·57	143·22	
Wallajah taluk ..	7,223·50	414·50	
Gudiyattam taluk ..	3,078·24	211·93	
Arni taluk	Nil	Nil	
Total ..	85,347 98	2,400·28	
South Arcot district—			
Cuddalore taluk ..	5,141·76	91·87	
Tindivanam	10,380·00	468·00	
Villupuram	3,200·58	367·22	
Gingee	2,670·79	188·25	
Chidambaram	3,177·39	606·77	
Vriddhachalam ..	14,542·12	485·69	
Tirukoilur	5,443·85	335·54	
Kallakurichi	43,576·03	517·84	
Total ..	88,132.52	3,061·18	
Cuddapah district—			
Badvel	41,063·05	36·35	
Proddatur	15,889·74	257·05	
Siddhavattam	12,163·71	28·22	
Rajampet	24,499·40	988·83	
Cuddapah ..	25,549·22	56·58	
Jammalamadugu ..	17,058·38	62·19	
Pulivendla	21,461·09	2·67	
Rayachoti	49,219·39	138·80	
Total ..	206,904·58	1,570·69	
Tanjore district—			
Tanjore taluk	15,898·30*	347·59	
Papanasam taluk ..	842·23*	3·12	* Includes the extent of porambokes included in the Cauvery-Mettur Project.
Kumbakonam ..	214·27	..	
Mayavaram	303·56	6·46	
Shiyali	272·00	..	
Nannilam	114·00	..	
Negapatam	3,464·00	..	
Tiruturaipundi ..	12,474·00	..	
Mannargudi	4,952·43*	..	
Pattukottai	9,912·00*	8·00	
Arantangi	673·00	102·00	
Total ..	49,149·79	467·17	

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	Extent available for assignment.		Remarks.
	Dry.	Wet.	
	ACS.	ACS.	
Trichinopoly district—			
Perambalur taluk ..	44,685.34	66·79	
Udayarpalayam taluk.	9,863·04	108·66	
Lalgudi taluk	16,072·48	40·05	
Karur taluk	2,129·59	92·41	
Musiri taluk	25,212·13	32·60	
Kulittalai taluk ..	8,003·15	48·00	
Trichinopoly taluk ..	7,775·21	176·78	
Total ..	113,740·94*	565·29	* An extent of 4,092·96 acres is affected by the Cauvery-Mettur Project.
Madura district—			
Madura taluk	1,505·64	673·71	
Melur taluk	10,199·18	322·59	
Tirumangalam taluk ..	3,435·60	65·55	
Periyakulam taluk ..	14,082·03	1·39	
Dindigul taluk ..	5,933·24	19·24	
Palni taluk	1,602·64	7 22	
Nilakottai taluk ..	6,301·74	24·65	
Kodaikanal taluk ..	292·75	0·09	
Total	43,412·82	1,114·44	
Ramnad district—			
Srivilliputtur taluk ..	2,125·88	7·52	
Sattur taluk	5,677·97	2·00	
Aruppukottai taluk ..	29·58	8·99	
Ramnad taluk.. ..	76·32	9·76	
Paramakudi taluk ..	..	..	
Mudukulathur taluk ..	205·78	..	
Tiruvadanai taluk ..	97·47	11·39	
Tiruppattur taluk ..	..	..	
Sivaganga taluk ..	..	..	
Total ..	8,213·00	40·26	
Tinnevelly district—			
Ambasamudram taluk.	351·80	7·82	
Koilpatti taluk ..	29·99	0·52	
Nanguneri	2,528 74	2·29	
Sankarankoil	124·83	2·61	
Srivaikuntam.. ..	834·26	7·30	
Tenkasi	0·12	..	
Tinnevellly	314·85	1·36	
Tiruchendur	1,079·50	0·41	
Total ..	5,264·09	22·31	
Salem district—			
Hosur taluk	24,192·00	121·00	
Krishnagiri taluk ..	2,573·64	70·24	
Dharmapuri taluk ..	22,777·24	137·43	
Harur taluk	47,235·31	271·65	
Omalur taluk	16,597·54	151 85	
Tiruchengode taluk ..	4,789·64	136·70	
Salem taluk	14,151·68	14·79	
Attur taluk	53,426·85	80·38	
Namakkal	21,627·09	105·62	
Rasipur	3,190·85	17·33	
Yercaud	4,055·65	..	
Total ..	214,617·49	1,106·99	

	Extent available for assignment. Dry.	Wet.	Remarks.
	ACS.	ACS.	
Coimbatore district—			
Avanashi taluk ..	1,775·18	..	
Bhavani taluk ..	4,331·00	..	
Coimbatore	1,327·95	16·90	
Dharapuram	396·08	..	
Erode	947·79	0·50	
Gobichettipalayam ..	14,286·37	2·22	
Kollegal	76,000·00	..	
Palladam	1,289·00	..	
Pollachi..	4,102·20*	..	* Includes 4,075·37 acres in the Anamalai Hills.
Udamalpet	449 62	..	
Total ..	104,905·19	19·62	
The Nilgiris district—			
Coonoor taluk ..	1,431·74	..	
Ootacamund taluk ..	1,904·42	..	
Gudalur	8,508·52	1,126·16	
Total ..	11,844·68	1,126·16	
South Kanara district—			
Mangalore	66,363·57	59·87	
Coondapoor	134,115·12	613·15	
Udipi	74,098·99	90·36	
Karkal	37,100·00	5·00	
Puttur	161,983·22	99·84	
Kasargod	130,990·68	54·00	
Total ..	604,651·58	922·22	
Malabar district—			
Chirakal taluk	228·70	17·14	
Kottayam taluk ..	245·46	3·03	
Wynaad taluk	62,260·35	7,052·71	
Kurumbranad taluk ..	12·16	0·54	
Calicut taluk	7·62	40·77	
Ernad taluk	831·87	29·05	
Walluvanad taluk ..	211·48	12·75	
Palghat taluk	26·98	0·06	
Ponnani taluk	1,299·41	10·12	
Cochin taluk	7·80	..	
Total ..	65,131·83	7,166·17	

THE MADRAS LEGISLATIVE COUNCIL.

Monday, 15th May 1939

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Co-ordination of the working of Madras Debt Conciliation and Madras Agriculturists Relief Acts.

* 276 *Q.*—DR. P. J. THOMAS: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state what steps have been taken for co-ordinating the working of the Madras Debt Conciliation Act, 1935, and the Madras Agriculturists Relief Act, 1938?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"The provisions of, and the procedure under, the Madras Debt Conciliation Act, 1936, as applied to the conditions created by the Madras Agriculturists Relief Act, 1938, have been explained in a Press Communiqué, dated 6th May 1938. In order to enable debtors to take advantage of the machinery provided by the Debt Conciliation Act to have their debts scaled down under the Agriculturists Relief Act, 92 debt conciliation boards have been set up throughout the Presidency generally at the rate of one for each revenue division."

Amendment to the Indian Companies Act for ensuring sound working of joint-stock banks in the Presidency.

* 277 *Q.*—SRI RAO BAHADUR M. RAMAN: Will the Hon. the Minister for Industries and Labour be pleased to state whether the attention of the Government has been drawn to the article "The Indian Companies Act—Need for amendment" published in *The Hindu*, dated 5th October 1938, and if so whether the Government have appointed a committee as suggested or have taken any other steps thereon?

THE HON. SRI V. V. GIRI:—"The Government have seen the article referred to. The question what action should be taken by this Government is under consideration but they do not propose to appoint any committee as suggested."

MR. J. A. SALDANHA:—"May I enquire whether the Government have submitted to the Government of India proposals which will have regard to the crisis in this Presidency more than any other Presidency?"

THE HON. SRI V. V. GIRI:—"Yes, Sir."

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Particulars about presidents of local boards removed by the Government and subsequent re-election of the same persons.

* 278 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to place on the table a statement showing the following particulars with regard to the re-election of the same person as president of a local board after his removal from the said office by the Government for a period of five years from 1st April 1934 to 1st April 1939—

(*a*) name of the local board,

(*b*) name of the President,

(*c*) date of removal,

(*d*) reasons for removal, and

(*e*) date of his re-election as president of the same board?

THE HON. SRI B. GOPALA REDDI:—"A statement [a] is placed on the table of the House."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"May I ask whether the Government will be pleased to place further information on the table?"

THE HON. SRI B. GOPALA REDDI:—"The number of presidents removed from office is only 15."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Only 3 have been re-elected before the advent of the Congress Government and all the other 12 have been re-elected after. Is it not a fact?"

THE HON. SRI B. GOPALA REDDI:—"It is a fact."

Five years' statement of Revenue and Expenditure for certain districts.

* 279 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Prime Minister be pleased to state the revenue and expenditure under various Provincial heads for the districts of—

(1) Bellary,
(2) South Kanara,
(3) Anantapur,
(4) Cuddapah,
(5) Kurnool, and
(6) Chittoor

during each of the five years commencing from 1st April 1933 to 1st April 1938?

THE HON. SRI C. RAJAGOPALACHARIAR:—"The figures of revenue and expenditure on Revenue Account for the six districts of Bellary, South Kanara, Anantapur, Cuddapah,

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a Printed as Appendix I on pages 293–294 infra.

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Kurnool and Chittoor for the financial years 1933–34 to 1937–38 as in District Treasury Accounts are given in the statement[a] placed on the table.

The statement does not include—

(1) the revenue and expenditure in the Public Works and Forest Departmental Accounts as figures are not available for these departments by revenue districts.

(2) Revenue or expenditure relating to the districts, booked outside the districts, for example, that relating to the Governor, Legislature, Secretariat, Heads of Departments, High Court, Debt Charges, Stationery and Printing, Expenditure in England, Pension liability of headquarters establishments and the like."

List of cases in regard to scaling down of debts under Madras Agriculturists Debt Relief Act.

* 280 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state, with regard to the scaling down of debts under the Madras Agriculturists Debt Relief Act (IV of 1938)—

(*a*) the number of cases during the year ending with 31st March 1939, in which the debtors paid up the amounts scaled down by courts; and

(*b*) the number of cases in which the debtors' properties were sold through courts in order to realize the sums scaled down?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(*a*) & (*b*) During the period of one year ending with February 1939, 96,899 applications were received, of which 80,404 were disposed of, scaling down claims to the approximate total extent of Rs. 2,44,00,000 to Rs. 1,31,00,000. The Government have no information as to the number of cases in which the debtors have paid the scaled down amounts or as to clause (*b*)."

SRI RAO BAHADUR M. RAMAN:—"May I know, Sir, how many pattadars paying less than Rs. 10 applied for this?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"Notice, Sir."

Laying down of cement concrete or tarred roads or portions of trunk roads lying in municipal limits.

* 281 *Q.*—SRI B. BHEEMA RAO: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) the balance now standing to the credit of the Madras Road Development Fund;

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[a] Printed as Appendix II on pages 295–298 infra.

(*b*) whether the Government have considered the necessity of laying down cement concrete or tarred roads on such portions of the trunk roads as are situated in municipal areas; and

(*c*) if so, what the decision is?

THE HON. SRI B. GOPALA REDDI:—"(*a*) The balance outstanding on 31st March 1938 was Rs. 65·44 lakhs.

"(*b*) & (*c*) The answer is in the negative. The Government, however, considered the question of sanctioning grants for introducing improved methods of road surfacing in municipal areas. They decided that no grants could be given but that applications from municipal councils for loans for such purposes would be considered."

Visits of the Inspector of Local Boards and Municipal Councils to the panchayat boards in Tanjore district and installation of radio sets.

*282 *Q*.—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether it is a fact that the Inspector of Local Boards and Municipal Councils inspected some of the panchayat boards in Tanjore district in March 1939;

(*b*) if so, what the panchayat boards visited by him are;

(*c*) how many of the panchayat boards, which he visited, are provided with electric lights and radio sets;

(*d*) whether it is a fact that he advised the panchayat boards not to spend money on unnecessary items such as electrification of villages and installation of radio sets;

(*e*) whether it is a fact that he insisted on the use of kerosene lamps instead of electric lights on those panchayats where he visited;

(*f*) how many panchayat boards in Tanjore district applied for installation of radio sets and to how many of them permission was granted and to how many of them permission was refused;

(*g*) what the reasons for the refusal of permission are; and

(*h*) whether his attention has been drawn to the news appearing in page 10 of the *Madras Mail* (Dak Edition), dated 15th March 1939, under the heading "Unnecessary items, permission refused for radio sets"?

THE HON. SRI B. GOPALA REDDI:—"(*a*) The answer is in the affirmative.

" (*b*) 1. Manakarambai.
2. Kandiyur.
3. Thillaisthanam.
4. Tiruvadi.
5. Nadukaveri.
6. Venkatasamudram.
7. Mannarsamudram.
8. Nidamangalam.
9. Koilvanni.
10. Puvannur.
11. Vadakaravayal.
12. Koradacheri.
13. Podakkudi.
14. Koothanallur.
15. Mulangudi.
16. Mudikondan.
17. Koothanur.
18. Agarathirumalam.
19. Peralam
20. Nannilam.
21. Velukkudi.

" (*c*) Ten panchayats have provided electric lights (viz., Nidamangalam, Puvannur, Koradacheri, Mudikondan, Koothanur, Peralam, Nannilam, Koothanallur, Agarathirumalam and Tiruvadi) in their respective areas. None of them is maintaining a radio set.

" (*d*) The Inspector advised the panchayat boards to attend to the primary needs of the village, viz., water-supply, street repairs, and sanitation before they spent money on electric lights and radio sets.

" (*e*) He advised panchayat boards that had already put up kerosene lights to continue them as it would be more expensive to replace all the kerosene lights with electric lights. The finances of the boards did not justify wholesale replacement by electric lights.

" (*f*) Four panchayat boards in Tanjore district applied for installation of radio sets. Sanction was refused in all the four cases.

" (*g*) The reasons for refusal are given below in each case:—

	Name of Panchayat Board.	Reason for refusal for sanction.
1	Korukkai	Financial incapacity. Annual income only Rs. 350.
2	Manjanvadi	Do. Annual income only Rs. 350.
3	Tiruvilimalai	Do. Annual income only Rs. 268.
4	Papanasam	Do. The Special Officer himself reported that the board cannot afford to maintain a raido set. On an examination of the budget of the panchayat his statement was found to be correct.

" (*h*) The answer is in the affirmative."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" May I know the policy of the Government in this matter? "

THE HON. SRI B. GOPALA REDDI :—" The policy is contained in the answer to (*d*), viz., that the primary needs of the village, like water-supply, etc., should first be attended to."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Is there any objection for giving sanction provided they have funds to spend?"

THE HON. SRI B. GOPALA REDDI:—" Where they can spend money on radio sets, the Inspector does give the sanction."

Proposal, if any, to amend the Madras Debtors' Protection Act, 1934.

* 283 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether Government have decided to introduce legislation further to amend the Madras Debtors' Protection Act, 1934, and to bring in other measures to control usury in regard to interest and to protect debtors, especially industrialist and agriculturist debtors; and

(*b*) if so, when?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) & (*b*) The attention of the hon. Member is invited to the answer to clauses (*b*), (*c*) and (*d*) of question No. 240 given on 11th May 1939. The provisions of the Madras Debtors' Protection Act, 1934, will be repealed so far as they apply to money-lenders as defined in the Money-lenders' Bill. The Madras Agriculturists Relief Act, 1938, already provides for relief to agriculturist debtors and protects them in regard to interest."

Ban on the entry of Sunday Observer *into the railway limits lying within Travancore State.*

* 285 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: With reference to the notification No. 12 of the Public (General) Department which appeared in *Fort St. George Gazette*, dated 25th April 1939, will the Hon. the Prime Minister be pleased to state—

(*a*) on whose representation the Government took action to ban the entry of the *Sunday Observer*;

(*b*) whether the Government are aware that the Travancore Government have prohibited the entry of the *Indian Express* into their territory; and

(*c*) if so, whether this Government took any action to prohibit the importation of that paper as they have done in the case of *Sunday Observer*; if not, why there should be a discrimination in the case of *Sunday Observer*?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) The entry of this newspaper into the railway lands in Travancore was banned at the request of the Travancore Government.

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"(*b*) The answer is in the affirmative.

"(*c*) The subject-matter published and not the newspaper made the difference. The Government must decline to go further into details on public grounds."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Instead of the subject-matter published, why should there be a ban on the whole newspaper instead of that issue?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I have already said that I cannot go further into the discussion of that matter."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"May I know whether the Travancore Government have requested this Government to ban the entry of *Indian Express* also?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I have answered that already in answer to (*b*). Yes; the Travancore Government requested in respect of the *Indian Express* also once upon a time."

Proposal, if any, for amending the Indian Succession Act.

* 284 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Law be pleased to refer to the answers of the Hon. the Minister for Courts and Prisons to my starred question No. 23, dated the 19th August 1938, and unstarred question No. 45, dated the 28th January 1939, regarding the amending of the Indian Succession Act and to state—

(*a*) whether the Government have since come to a decision on the matter and if so, what that decision is; and

(*b*) whether the Government of India have communicated to this Government their decision as to the levy of death duties as a rule on all communities and if so, what that decision is and on what grounds it is based?

THE HON. DR. P. SUBBARAYAN:—"(*a*) The Government have not yet come to a decision on the matter.

"(*b*) No communication conveying the decision of the Government of India in the matter has been received by this Government."

MR. J. A. SALDANHA:—"May I enquire whether Mr. Lloyds, I.C.S., an officer of the Government of India was not sent to Madras to discuss the matter with the Local Government and what the result of the Conference is?"

THE HON. DR. P. SUBBARAYAN:—"The hon. Gentleman is correct in his statement. But the results of the Conference cannot yet be divulged."

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Alleged introduction of a minimum of 40 per cent of marks in English for promotion as Deputy Tahsildar.

* 286 *Q.*—SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether it is a fact that a new rule has been introduced in the Revenue Department insisting upon 40 per cent of marks in English for the purpose of promotion to the cadre of Deputy Tahsildar;

(*b*) whether it is a fact that this rule is enforced with retrospective effect, i.e., in the case of promotion of clerks who are already in service also;

(*c*) whether it is a fact that orders have been issued that no other name should be considered for the appointment of Deputy Tahsildar's post until all the senior grade clerks are absorbed;

(*d*) if so, whether care has been taken to see that the principle of communal representation is not violated; and

(*e*) whether he will place on the table all orders passed in the Board of Revenue whether confirmed by Government or not with reference to promotions in the Revenue Department?

THE HON. SRI T. PRAKASAM:—" (*a*), (*b*) & (*c*) The answer is in the negative.

" (*d*) The question does not arise.

" (*e*) The request is obviously impracticable."

Measures for the control of beggar nuisance.

* 287 *Q.*—MR. J. A. SALDANHA: Will the Hon. the Minister for Law be pleased to state—

(*a*) what legislative provisions exist for giving relief to beggars in public places and preventing or controlling the nuisance caused by them; and

(*b*) what further measures Government propose to take for those purposes especially in the case of lepers?

THE HON. DR. P. SUBBARAYAN:—" (*a*) The existing legislative provisions are extracted in the statement [a] placed on the table.

" (*b*) The attention of the hon. Member is invited to the answer given to clause (*c*) of question No. 235."

MR. J. A. SALDANHA:—" Am I to understand that the Government have not at all any mercy for these poor lepers? "

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[a] Printed as Appendix III on pages 299–300 infra.

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THE HON. DR. P. SUBBARAYAN :—" I am afraid the hon. Gentleman is wrong in his presumption."

MR. S. J. GONSALVES :—" May I know whether the housing of the lepers is not a legitimate charge on the revenues of the Government? "

THE HON. DR. P. SUBBARAYAN :—" I do not grant the premises of the hon. Member."

Salaries and allowances fixed for officers of the Territorial Forces now under recruitment.

* 288 *Q.*—MR. J. A. SALDANHA : With reference to the communiqué recently issued by Government as to the need for *candidates for the post of officers of Territorial Forces in the Province*, will the Hon. the Prime Minister be pleased to place before the House a statement showing the salaries and allowances sanctioned for those officers?

THE HON. SRI C. RAJAGOPALACHARIAR :—" The Government have not got the information. They have called for it."

MR. J. A. SALDANHA :—" May I enquire whether the Government are going to have this point discussed in this Council in order that we may give expression to our feelings on the subject as representatives of the people? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" The Government have expressed their opinion in the same direction already and the Secretary of State has told Parliament what it is. I do not know if there is much use in discussing it in this Chamber again."

MR. J. A. SALDANHA :—" I would like to have an opportunity given to this House at least to express its resentment, whatever the Prime Minister might have represented to the Government of India."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I am grateful to the hon. Member for putting the question in this form, which in itself is in effect an expression of his feelings."

MR. J. A. SALDANHA :—" But not of the House? It is the resentment of the House and not my own."

Technical training for municipal and local board officials.

* 289 *Q.*—MR. J. A. SALDANHA : With reference to the answers to my starred questions No. 19 on 31st August 1937 and No. 72 on 23rd March 1938, will the Hon. the Minister for Local Administration be pleased to state what steps Government propose to take with a view to give technical training to municipal and local board officials?

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THE HON. SRI B. GOPALA REDDI:—" After mature consideration, the Government decided not to pursue the question further of providing technical training for employees of local bodies."

Consultation made and advice given, if any, by the Local Government on the Government of India Act (Amendment) Bill.

* 290 Q.—MR. J. A. SALDANHA: Will the Hon. the Prime Minister be pleased to state—

(a) whether the Provincial Government was consulted before the Government of India Act (Amendment) Bill was brought in the Parliament; and

(b) if so, what advice was given by the Government?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (a) The Provincial Government was consulted.

" (b) It is not in consonance with the best practice in such matters to disclose such communications. But the hon. Member is referred to the Secretary of State's speech in Parliament, which contains as much information on this point as can be made available."

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—MESSAGE FROM THE ASSEMBLY.

MR. PRESIDENT:—" I have to announce to the House that the following message, dated Chepauk, the 14th May 1939, has been received by me from the Hon. the Speaker of the Madras Legislative Assembly:—

'In accordance with Rule 84 of the Madras Assembly Rules I transmit a copy of the Madras General Sales Tax Bill, 1939 (L.A. Bill No. 11 of 1939) as passed by the Assembly on the 13th May 1939 and signed by me, for the concurrence of the Council'."

III.—THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939 (L.A. BILL No. 10 OF 1939) AS PASSED BY THE ASSEMBLY—*cont.*

MR. PRESIDENT:—" The Council will now proceed with the consideration of the Madras Tobacco (Taxation of Sales and Licensing) Bill, 1939."

Clause 2.

Sub-clause (8).

SRI B. NARAYANASWAMI NAYUDU:—" I move—

'Omit *the words* " *bidis and snuff* " *occurring in line* 3 *and* add " *bidis and snuff or* " *before the word* " *any* " *occurring in the beginning of line* 4.'

" Sub-clause (8) of clause 2 deals with the definition of 'manufactured tobacco' and places under this category, cigars,

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cheroots, cigarettes, cigarette tobacco, pipe tobacco, bidis and snuff. The object of my amendment is to take out of the definition of 'manufactured tobacco,' bidis and snuff. These two varieties, it is proposed, should go out of it. I have based it simply on the ground that they are very cheap and are consumed largely by the low class people whose wages are rather low. Therefore it is that I have put this amendment before the House for its consideration.

"My hon. Friend Mr. Meeran will talk about it elaborately, because he knows something about it. I therefore do not say anything further."

*S. K. AHMED MEERAN SAHIB BAHADUR:—"I second the amendment and in doing so wish to say a few words. Sir, bidis are manufactured in large quantities in this Presidency. This business gives employment to quite a large number of people. One noteworthy feature of this business is that it employs entirely manual labour besides being entirely swadeshi. It does not use foreign tobacco. It uses purely Indian tobacco. It is done entirely by manual labour and does not employ machinery of any sort whatsoever, at any stage. Lastly, it is a cottage industry. It is done in the private homes of so many families where young and old, men and women all work in their leisure hours to augment their income. Of course there are also persons whose sole occupation is this industry. I know that in very many families women especially, who cannot go out and employ themselves, wholly take to it in their leisure moments and try to supplement their family income. So this is a first-class cottage industry and a first-class swadeshi industry run by Indians entirely with Indian capital and with Indian labour. It gives, as I said, employment to many thousands of men and women. I can also say that it gives employment to children, though of course children below 12 years cannot hereafter be employed as it has been prohibited under an Act recently passed by the Central Assembly. Bidis are made in private homes as a cottage industry. They are sold in the market ordinarily at 2 for a pie or 3 for a pie. It is one of the cheapest forms of manufactured tobacco which is in use and it is used because of its cheapness by the poorest of the people. I do not think it can be called a luxury. It is not used by those who smoke cigarettes or high-class cigars or pipe cigars or pipe tobacco or anything like that. As a matter of fact, the middle class people and the richer or aristocratic classes of people will consider it *infra dig* to use bidis.

"Under such circumstances, I think, this Government, who stand for cottage industries in particular, who want to give additional or supplementary income to those who are employed otherwise and who want to protect cottage industries in every way

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possible, would surely see that the bidi is exempted from 'manufactured tobacco' and from the provisions of this Act. If bidi is going to be taxed, it will only mean that its price will increase. I do not mean to say that because of that people will give up smoking; but I am quite sure that they will go in for cheap foreign cigarettes instead of this bidi. Sir, if leaf tobacco is exempted under this enactment, it is going to be subject to the tax under the Sales Tax Act. They will have to pay a half per cent tax. Then, the manufacturer will have to take out a licence and if he is also a wholesale dealer he will have to pay a tax at 2 per cent. Then again, if it passes one or two hands, a tax has to be paid and if it has to pass through some more hands, more taxes will have to be paid and the retail dealer will have to pay ultimately 10 or 12 per cent tax. When we take into consideration all these things, I am quite sure that the price will at least double itself and the net result will be that the bidi will perhaps be sold at one for a pie or one for two pies. When the price of bidi rises like that, cheap cigarettes and bidis manufactured in Bangalore and other places will capture our markets. This will result in loss of employment to thousands of our workmen and the killing of a first-class cottage industry. Under these circumstances I request this Government to see that it is exempted from the definition of 'manufactured tobacco.'

"I need not say much about snuff. Snuff manufacture is also a first-class cottage industry. It is also manufactured by Indian labour without the employment of any machinery. Though it may not be manufactured just as bidis in private homes, it is also an industry wherein large numbers of people are employed. Under such circumstances I would implore this Government to exempt these two articles and remove them from the definition of 'manufactured tobacco.'"

* MR. J. A. SALDANHA:—"I have already spoken on this matter. I therefore do not want to say anything except pointing out that in South Kanara district both bidi-making and snuff-making are going on on a large scale and these manufactured articles are supplied to lakhs of people. Both of them are cottage industries, i.e., individuals do this business and not firms or companies. Therefore I strongly support this amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, the point raised is whether snuff and bidis should be excluded from the operation of this measure. As for the implications of it on the revenues, that is accepted; I need hardly deal with it. I think hon. Members are perfectly aware that bidis, however cheap they may be, are the main revenue-yielding stuff. But, apart from that, the question is put in this way: that it is a cottage industry

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giving work to so many people and that it will be affected by this measure. I do not think that that would be the effect of this measure, Sir. The measure is a tax on all bidi manufacturers and, thanks to the attachment which the consumers have to the article, the tax will affect all the dealers in it and all the manufacturers in it and therefore it will not put any particular set of people at a disadvantage. Then the hon. Member passed on to the argument that it may yield place to cheap cigarettes and that in that way it may divert the consumption of tobacco and thereby injure those who are engaged in bidi making. If the hon. Member will analyse the effect of the tax, perhaps he will see that in the first place the first manufacturer-seller will be subject to, according to the tariff put down, a 2 per cent levy. Now, assuming that it goes through many stages of sales, assuming that the dealers' sales or the trading sales will be as many as two or three times before a commodity reaches a small retail shop—though I think this is an overestimate—it will mean that this rate of 2 per cent will be multiplied three times and the tax that it would pay would be what is put down in the tariff in the first block or in the second block. It cannot be contended that it will go into block (*c*) of clause 4 (1) because that would be a large shop which would deal in the other articles. So far as this trade in bidis goes, if we first of all begin with the assumption that it is sold as dealers' transactions three times, we must assume that it will go only to either block (*a*) or (*b*), in which case the net result will be that it will pay less than two annas in the rupee and that will be the total tax paid on this stuff from beginning to end.

"That is, assuming that the dealers' transactions have gone 11- from four to eight times, it would amount only to an addition of a.m. 3 per cent under items (*a*) and (*b*) of clause 4 (1), so that it may come to 11 per cent at the utmost. Even after the fourth or the fifth transaction, a small shop-dealer will be compelled to add 11 per cent or 2 annas in the rupee, even if bidi prices are fixed so as to cover the difference in price at every stage of the transaction. Even now owing to internal competition, the price of bidi has not risen very high. Assuming that all this is not done, and assuming that this percentage addition will not be 2 annas in the rupee, it is not correct to say that cheap cigarettes will replace the bidis. It is not that bidis will disappear on account of prices. Bidis are preferred to cigarettes, not on account of their cheapness only. High class people take to smoking of bidis because they prefer the flavour of bidis rather than that of cigarettes. It is just like saying that because ragi is cheap, it will replace rice, or rice will replace ragi, because rice is cheap. The two articles, viz., bidis and cigarettes are wholly different, and I do not know if the hon. Member could give us some direct assistance in the matter of assessing the taste . . ."

S. K. AHMED MEERAN SAHIB BAHADUR :—" I do not use any form of tobacco."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I thought so. However, there will not be much difference between the prices of both. Two annas in the rupee will probably go to dealers and the manufacturers of the retail cottage industry. The work which is done even by the children, will not be upset. Far from it. We cannot hope at all that this tax will put a stop to smoking. As a matter of fact it was hoped that the habit of juvenile smoking would be stopped by this measure, but I for one do not share in that hope. There is something very attractive for them in the example that has been set before them and they will go on doing exactly the same thing which the grown up people do. If the grown up people will continue smoking, the boys will also go on smoking. I say this with a considerable amount of experience. I therefore submit there is no fear whatsoever that this measure will act as a regressive measure in the consumption of tobacco."

S. K. AHMED MEERAN SAHIB BAHADUR :—" I only said that bidis would be displaced."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am particularly dealing with juvenile smoking. Even juveniles will not take to cigarettes; I do not think such a thing will take place. Two annas in the rupee that I mentioned will not make much difference in the prices of articles and it will not have much effect on the use of bidis. Hon. Member is aware that the highest rate is two bidis for a pie; cheaper forms of bidis sell even at 5 for a pie. There is, therefore, very little chance, as I said, even assuming that there will be four changes of hands, of the price of bidi becoming very high."

S. K. AHMED MEERAN SAHIB BAHADUR :—" The Hon. Minister has not taken into account the sales tax that will be levied on the leaf tobacco."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The sales tax on the leaf tobacco that is used for the bidis will be something almost infinitesimal. In connexion with the actual stuff that is being used in the manufacture of bidis, that is a different matter and we will have to go into it in detail afterwards. Half-a-per cent tax on the general sale value of tobacco will not make much difference, and if it is sold more than four times by a wholesale dealer, the profit that the last man will have to add will be 2 annas in the rupee. But the changing of four or five times is a very great assumption; if it is less than four times or three times, it will be far less.

" With regard to the statement that small manufacturers who make these bidis in *their own homes will* be *affected* by this measure, I may say that this point was considered and I draw the

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attention of the hon. Member to the proviso in clause 4 (2) where express provision is made that where the wholesale dealers distribute bidi tobacco for being rolled up into bidis, these poor people should not be taxed. That proviso reads thus:—

'Provided that the tax under this sub-section shall not be levied on any person who prepares manufactured tobacco of value not exceeding one thousand rupees in a year for the purpose of supplying to whole sale dealers.'

Of course these people cannot have their own shops. The practice is that these people roll the tobacco leaf in small quantities as a sort of side occupation and the wholesale dealer is getting his manufactured articles out of the sweated labour of these poor people and the point is that these poor people should not be subjected to this tax. Apart from the merits of this Bill, so far as these poor people are concerned, this measure does not affect them."

DR. SIR K. V. REDDI NAYUDU:—" May I know, Sir, what the value and extent of production of bidis in this Province would be?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I should like to know the relevancy of that point."

DR. SIR K. V. REDDI NAYUDU:—" It is quite relevant, Sir. I am told that one crore rupees worth of bidis are being made in this Province. If this is a fact, even on the estimate made by the Hon. Minister that it will not be more than 2 annas in the rupee, it would come to 12 per cent or $12\frac{1}{2}$ per cent in other words; and I want to know whether $12\frac{1}{2}$ lakhs of rupees will have to be paid as tax on these 1 crore worth of bidis that are manufactured?"

MR. PRESIDENT:—" *It is not relevant.*"

The amendment was put and declared lost.

Sri B. Narayanaswami Nayudu demanded a poll.

A poll was taken and the House divided thus:—

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 „ Diwan Bahadur R. Srinivasan.
3 „ B. Narayanaswami Nayudu.
4 Hajee Munshi Abdul Wahab Sahib Bahadur.
5 Sri Rao Bahadur M. Ramakrishna Reddi.
6 S. K. Ahmed Meeran Sahib Bahadur.
7 Mrs. M. Hensman.
8 Sir Frank Birley.
9 Mr. S. J. Gonsalves.
10 Sri M. D. Kumaraswamy Mudaliyar.
11 Dr. Sir K. V. Reddi Nayudu.
12 Sri Rao Bahadur M. Raman.
13 Mr. J. A. Saldanha.

Noes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 „ K. Madhava Menon.
4 „ V. V. Jogayya Pantulu.
5 „ R. Srinivasa Ayyangar.
6 „ A. Rangaswamy Ayyangar.
7 „ K. V. Srinivasa Ayyangar.
8 „ N. Sankara Reddy.
9 Sri V. Vasantha Rao.
10 „ S. A. S. Rm. Ramanatham Chettiyar.
11 „ M. Narayana Menon.
12 „ L. Subbarama Reddi.
13 „ K. Venkataswamy Nayudu.
14 „ T. A. Ramalingam Chettiyar.
15 „ T. C. Srinivasa Ayyangar.

Noes—cont.

16 Sri D. Sriramamurthi.
17 „ V. Ganga Raju.
18 „ L. Subba Rao.
19 „ P. Peddi Raju.
20 „ P. Veerabhadraswamy.
21 „ K. P. Mallikarjunudu.
22 „ N. Venkatachalamaji.
23 „ V. Venkatapunnayya.
24 Sri G. Perumalswami Reddiyar.
25 „ K. S. Sivasubrahmaniya Ayyar.
26 „ S. K. Sadagopa Mudaliyar.
27 Sir Mahomed Usman Sahib Bahadur.
28 Dr. P. J. Thomas.
29 Diwan Bahadur Deivasikamani Mudaliyar.

Ayes 13. *Noes* 29.

The amendment was lost.

Sub-clause (12).

SRI B. NARAYANASWAMI NAYUDU :—" I beg to move the amendment which stands in my name as follows :—

' Insert *the word " manufactured " between the words " sell " and " tobacco " occurring in line* 2.'

" Hon. Members will see that it has been told us that leaf tobacco is absolutely exempt from taxation. But it is not at all apparent to me with regard to retail sales of leaf tobacco whether a licence has to be obtained or the retail dealer can sell tobacco leaf in retail without a licence. Here ' retail dealer ' is defined as a ' person licensed to sell tobacco in retail under the provisions of this Act.' Therefore it will be found that ' retail dealer ' is made to apply both to dealers in manufactured tobacco as well as leaf tobacco. When you come to Explanation II to the proviso to clause 3 (1), you will find that the sale by a manufacturer of tobacco manufactured by him, whether by wholesale or by retail sale, is a sale of tobacco within the meaning of that sub-section covered by licence, and not a sale of leaf tobacco.

" We come again to section 6.

' No person other than a grower or a licensee under this Act, shall have in his possession any quantity of tobacco in excess of such quantity as the Provincial Government may from time to time prescribe in respect of all or any of the varieties thereof.'

" Therefore I am not at all certain as to what is the provision with regard to the retail seller of leaf tobacco. Is he to obtain a licence and if so under what section? It looks as if section 3 applies to manufactured tobacco while the other definition is not consistent with this. That is why I have given notice of this amendment to confine licences for retail sale to manufactured tobacco alone and not extend it to all kinds of tobacco. Of course the wholesaler is subject to a licence under section 3. The real question is whether the retail dealer of leaf tobacco is subject to a licence. The original Bill provided that even a retail seller of leaf tobacco would be subject to a licence. When the Bill came

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back to the Assembly after having been considered by the Select Committee 'manufactured tobacco' was introduced in section 3 instead of 'tobacco.' I move the amendment."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, the amendment is wholly unnecessary. Clause 3 to which Mr. Narayanaswami Nayudu referred lays down the duty of obtaining a licence only on those who sell or expose for sale manufactured tobacco which has been defined to exclude leaf tobacco. The sub-clauses under clause 2 to which he referred, deal with the definition of retail sales and so on. They simply take for granted that a retail dealer means a person who is licensed to sell tobacco. The phrase 'retail dealer' used in this Act, wherever it may occur, is to be understood to mean only a retail dealer licensed to sell tobacco. For instance if it is anywhere said that a retail dealer shall be taxed, it is only a retail dealer who is licensed under this Act. If it is said that a retail dealer shall keep accounts, it is only with reference to the man who is licensed. The hon. Member referred to one or other of the various clauses in the Bill. They merely describe the effect of a licence having been issued. Section 3 restricts the sale of manufactured tobacco only under a licence. The section says:

'Save as provided in this Act, no person shall sell or expose for sale any manufactured tobacco . . . except under the authority and in accordance with the terms and conditions of a licence.

" There is no prohibition anywhere in this Act against any person selling unmanufactured tobacco without a licence. As was pointed out, a wholesale dealer will have to take out a licence, but a retail dealer is not bound to take out a licence. There is no duty of taking out a licence cast on retail dealers of unmanufactured tobacco."

SRI B. NARAYANASWAMI NAYUDU :—" What about section 6? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Section 6 refers to limitation of possession. Wherever there is a licensing law, it is necessary to prescribe the quantities of possession without a licence. Under the rules it will be said that a certain quantity alone and not more than that can be possessed by retail dealers in leaf tobacco. A retail dealer in leaf tobacco cannot keep a very large quantity say, two tons, for selling. It is not permissible. There is nothing to prevent a man from keeping any quantity of cigarettes for his personal use. But if a travelling agent keeps a large quantity with him for sale and if he is called upon to take out a licence, he cannot say that he is keeping such a large quantity for his personal use and escape taking out a licence. So a certain limit will be prescribed.

Whenever there is a revenue or licensing measure, such quantities should be prescribed. Section 6 only provides for suitable quantities being prescribed. It will distinguish between a real retail dealer and a wholesale dealer, a real retail dealer and a man who is evading and so on. The quantities will be prescribed by the Government with reference to probabilities of evasion and fraud. There is no duty cast on a retail dealer in unmanufactured tobacco to take out a licence."

DR. SIR K. V. REDDI NAYUDU:—"Unfortunately the matter is not yet clear to my mind. Yesterday, the Hon. the Premier was telling us that the larger dealers or all the dealers in leaf tobacco will have to take out a licence. So far as the Bill itself goes, it is true there is no provision compelling even the smallest dealer to take out a licence; nor is there any distinct provision to show that he need not take out a licence. It is only inferentially that we can know these things. If it is intended that retail dealers in leaf tobacco need not take out a licence, why not make a specific provision saying that dealers whose annual turnover is less than Rs. 100 or Rs. 200 or Rs. 500 need not take out a licence? After all, the speeches made in this Council will not be binding on the Courts when a question arises there whether a small dealer is bound to take out a licence. It is clear at least to my mind that the Government intend not to demand a licence from small dealers in leaf tobacco. But there is nothing in the Act itself making a specific provision to that effect. But when once the Court holds that a licence is necessary, even a man whose turnover is only Rs. 100 annually will have to take out a licence and keep accounts."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I hope I have a right of replying to Sir K. V. Reddi Nayudu."

MR. PRESIDENT:—"Yes."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I shall first draw his attention to clause 3. It is not for removing every kind of doubt that is raised that we can put in a specific clause. When there is actually a complete provision, it would be wrong to put in another clause merely because a question is raised in this House. The question should not be raised in this House when the only provision that lays down the duty is clause 3. It is absolutely clear. It would be quite wrong and against the practice in drafting to introduce superfluous clauses merely because a question is raised here. It is not the usual practice. Clause 3 says:

'Save as provided in this Act, no person shall sell or expose for sale any manufactured tobacco in retail or sell tobacco in any form wholesale or otherwise carry on business as a wholesale dealer, manufacturer, broker or commission agent except under the authority and in accordance with the terms and conditions of licence granted by the Collector under this Act'.

"There is no other clause which prohibits anybody selling tobacco except this clause. That is why the sentence is constructed in that form in order to exclude retail sales of unmanufactured tobacco. 'Sell or expose for sale' is connected with 'manufactured tobacco.' In the second part 'sell tobacco' is connected with 'wholesale' dealer only. Manufactured tobacco has been defined. *Therefore there is no need for any further specification. I am not depending on any speech made here or assurance given* here to give the guarantee required. I want the hon. Member to be satisfied with the clause as it stands."

The amendment was put and lost.

MR. PRESIDENT:—"Mr. Narayanaswami Nayudu."

SRI B. NARAYANASWAMI NAYUDU:—"The next amendment standing in my name follows the same principle. I have no objection to withdraw it."

Clauses 2 and 3 were put and carried.

Clause 4.

Sub-clause (1).

SRI B. NARAYANASWAMI NAYUDU:—"I beg to move the *following amendment:*—

> 'Omit *sub-clauses* (*a*), (*b*) *and* (*c*) *and* substitute *the following:*—
>
> "*if such turnover exceeds Rs.* 200 *but does not exceed Rs.* 500—*Rs.* 5 *and if such turnover exceeds Rs.* 500 *one per cent for the first Rs.* 500 *and* 5 *per cent on the remainder of the turnover.*"'

Hon. Members will see that this is the real operative and taxation part of the Bill and it is really one of the important things. I wish therefore to request hon. Members to pay special attention to this clause. I have stated in the speech on the first reading of the Bill that the finances of this year are such as not at all to require a tax of this magnitude. I have stated that I am not objecting to the tax but that I am objecting only to the manner of its imposition and its rate. In order to judge how much is necessary, the estimates for this year have to be taken into consideration. Schoolboy-like we should not be quoting what is found in books. With all respect to the old political jungle here I still say that there is no justification at all for introducing this tax which is not required to meet the needs of the year. Even now I challenge the Hon. Prime Minister to say whether this tax is necessary to meet the demands of this year. If the Government want to educate the country and to tame it to pay

the tobacco tax, education and taming can be done by having a lower rate as well as it can be done by having a higher rate. The real question, as was stated before, is not one of putting the needle two inches deeper but using the barber's knife. The Government have not got statistics; they have not studied the conditions of the trade; they have themselves admitted that they have no idea of the amount that can be realized. The Government should feel the pulse of the trade beforehand and start with a lower rate. They should not, as it were, cut four inches deep with a barber's knife. When there are no statistics at all, the barber's knife should be used only to the extent necessary.

2 p.m. "The Government can probe into the matter further, see what the yield is and what effect it has got in the Province. They can see how the tax will affect various persons, the producers, manufacturers, consumers, etc. All such information will be available to the Government. The revenues and expenditure of this year, especially do not call for the imposition of such a high tax, namely, 12 per cent; it means a tax of 2 annas in the rupee in regard to this trade. This trade is never used to this tax.

"It is stated that tobacco is taxed in all civilized countries. They began the tax with ⅛ per cent; they did not begin with 12 per cent all at once. They raised the tax gradually, seeing the trade of the country, how the country responded to the call and what real difficulties there were in this matter. We can put a low rate now, try it and go on with it. What is the necessity, what is the justification, for the Government now to put the 2 annas rate? Is it necessary for the time being? Will it not do if the rate is one anna instead of two annas?

"I want to know what the taxation yield of this measure is. The Hon. the Prime Minister said that the official figure expected was Rs. 50 lakhs. He said he should be more cautious about the estimate and put it at Rs. 30 lakhs; half of Rs. 30 lakhs is Rs. 15 lakhs. My amendment is to levy the tax at one anna. Half of Rs. 15 lakhs is Rs. 7½ lakhs. According to the budget of this year, the deficit is going to be only Rs. 17 lakhs. What is the justification then for levying the rate proposed in the Bill? You do not have before you definite figures as to the yield of the tax. We want to know the figures. We are all indebted to the Hon. the Prime Minister for introducing this measure. But that does not absolve us from asking the country and the House whether the rate imposed is not too high. I wish to know whether the House wants to impose such a high rate. I wish to know whether the trade wants that such a high rate should be imposed. The levy of 12½ per cent all at once for the trade is not at all justifiable. You yourself do not know what the yield of this tax will

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be. The most reasonable rate seems to be one anna. Even that may be high. I want this rate of one anna should be fixed. I think this rate is sufficient; I do not think that a higher rate is necessary. My amendment says that if the turnover exceeds Rs. 200 but does not exceed Rs. 500 the rate should be Rs. 5. I ask, 'Is there any principle in fixing the high rate of 12 per cent?' The whole question is: 'Are you going to tax persons who sell two annas worth of bidis, etc.? The whole trade they do is worth only two annas; are such persons also to be taxed? Are they not to be exempted?' As hon. Members on the other side know, the turnover in some cases will not be more than 2 annas worth of bidis, cheroots and cigarettes, combined together. They would not be able to sell goods worth more than one rupee. Are such persons to put their chicks in the broth? There is no justification for not exempting such persons whose whole business, whose sole business consists in selling small quantities of bidis and cheroots and cigarettes.

"It was stated that we were shedding crocodile tears. We have a right to say, 'Do not become crocodiles yourselves. It is better not to be crocodiles ourselves.' May I ask if you propose to take this broth in which you have put these small chicks? Is the broth worth taking? When I fixed the rate, I had in my mind, the village man who sells cheroots, bidis and cigarettes in very small quantities. If you go even to a small railway station, you will find on the platform a petty shopkeeper selling cheroots, bidis and cigarettes. Is such a man also to supply the chicken to the broth? It was stated that all civilized countries tax tobacco. I wish to ask whether such countries tax the smallest seller I have referred to. Are the Government going to collect taxes from such petty vendors?

"Not only are they asked to pay taxes, they are also asked to keep ledgers. I shall come to that point later on. They have to maintain certain accounts. I ask, 'Is such a high tax necessary?' When I say this, I do not mean to say, 'Do not introduce Prohibition in one district after another.' If the exigencies of the country require it, if you wish to introduce Prohibition in the whole of the Province, I have not the slightest objection. You had better take the responsibility and work the scheme. That does not absolve us from saying that you are not doing the right thing. I would like to have liquor chicken in the broth than the tobacco chicken. I say that my amendment is absolutely reasonable. If I am going to press this matter to vote, it is to show that, though we might be said to shed crocodile tears, we are not crocodiles ourselves and that the Government are themselves the crocodiles."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I second the amendment."

* MR. S. J. GONSALVES:—" Sir, in supporting the amendment, I wish to say that the rate proposed to be levied seems to be very unreasonable. The clause says that any person who sells manufactured tobacco in retail is liable to this tax. Even a woman who sells only one rupee worth of manufactured tobacco in the course of a year or a month, is liable to pay this tax. She will have to pay Rs. 6 a year. I do not think that much argument is wanted to impress upon this House that such a heavy rate is certainly unreasonable.

" Then, Sir, how is the tax to be collected? Does the Government know the number of persons who would be liable to pay this tax? Will not a very large number of persons have to pay this tax? It seems to me that it will lead to very great hardship; it will lead to difficulties. I think the measure will harass a large number of poor people. I am sure the Government will see that it is necessary to revise this clause and reduce the rate."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" Sir, as I said the other day during the first reading of the Bill, a large number of poor people eke out their livelihood by selling manufactured tobacco in their respective villages. As a matter of fact, a large number of women during the harvest season carry the whole shop in a basket—of course a very small quantity—go to the threshing ground and sell their goods not for coins but for grain. They earn their livelihood in this way for two or three months in a year. According to clause 4 of this Bill, I am afraid, even these people who invest a small sum of Rs. 10 in their small business have to go in for licences and they have to pay each a sum of Rs. 6. The turnover in their cases does not exceed Rs. 200; still they are bound to pay a tax of Rs. 6. Even if a woman were to do business to the extent of Rs. 50 or Rs. 100 she has to take out a licence under clause 12. And again, she has to maintain accounts also; she has to go in for a clerk to write the accounts of sales from time to time. In the natural course of events, a large number of such poor people will be thrown out of employment. Again villagers who want to purchase small quantities of manufactured tobacco, will have to go to the neighbouring town at a distance of perhaps five or six miles. Not only will a large number of poor people not be able to eke out their livelihood, but the villagers also who purchase such articles will have to go to a distance of five or six miles and buy their small requirements. I feel the proper thing to do is to exempt such people as sell goods at least to the extent of Rs. 100 or Rs. 50 in small villages."

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* MR. J. A. SALDANHA:—" Sir, in supporting this amendment and arguments urged, it seems to me that this clause was added to the Bill in a mood of absent-mindedness. I cannot understand why such a high rate was fixed. If the clause is passed as it is, it will be to the detriment of the poor people."

* S. K. AHMED MEERAN SAHIB BAHADUR:—" Mr. President, with very great respect to the authors of the Bill, I confess I am not able to understand the principle underlying the rate. In all such matters there must be some underlying scheme or principle. I cannot understand a graded rate for a turnover tax. This is a case of a turnover tax on the retail sale. It looks to me as if this Government want to punish those people who want to have more trade. I can understand a graded tax in the case of income-tax and other taxes, where you have a tax on profits. The more you earn, the State may say, 'Give me more.' I can understand that principle when they go on the question of profits. But on a question of turnover tax, I am not able to understand how there can be graded taxation at all. The correct principle should be: the larger your turnover, the lesser you will have to pay. But the principle underlying this Bill seems to be: the larger your turnover, the more you will have to pay. You are thus penalized. You are putting people having a large turnover at a great handicap as against those who are not able to effect large sales. I am not able to understand the principle underlying it. Suppose there are two shops *A* and *B* close by. Shop *A* is able to effect sales over Rs. 200. There is the next-door shop *B* which is not able to effect sales over Rs. 200. *B* has to pay a tax of Rs. 6, but *A* has to pay at the rate of Rs. 12, What will be the result? I will take a shopkeeper *A* whose turnover is Rs. 200. There is another shopkeeper *B* whose turnover is over Rs. 400 and less than Rs. 1,000. The tax *A* has to pay is only Rs. 6. *B* whose turnover is about Rs. 1,000 has to pay 3 per cent on the first Rs. 400 and 10 per cent on the remainder of his turnover. Therefore, *B* will have to increase the price of his articles and he will not be able to compete with his neighbour *A*. All the same *B* has to pay a higher tax. If he is not able to increase the prices of his articles, he will have to incur loss in his business. Thus the Government want to penalize people who have large turnovers. The Government are putting much hardship on people who are transacting large volume of business. Unless they want to introduce the socialistic order of things and encourage people with small turnovers, I cannot understand the principle underlying the Bill. As I said, this will work great hardship. The Bill is making a discrimination as between the small retail-dealer and the big dealer. The principle—the greater the turnover, the greater the tax—is not followed in any civilized

country. I can understand that principle in the case of income-tax, where you assess the tax on profits. But in a case like this where you tax on the turnover, you are penalizing the man who has a larger turnover; you compel him to pay a higher rate. Suppose *A* has a turnover of Rs. 200 and *B* has a turnover of more than Rs. 200—say Rs. 201. While *A* has to pay a tax of only Rs. 6, *B* whose turnover is only Rs 201, has to pay a tax of Rs. 12. He has to keep accounts readily and correctly so that he can be able to find out whether his income exceeds Rs. 200 even by one rupee. If his income exceeds Rs. 200, even by one rupee, he will have to pay a tax of Rs. 12, whereas *A* will have to pay only a tax of Rs. 6, if his income is Rs. 199. I cannot understand the principle or the rationale behind the Bill."

12-15 p.m. * SIR MAHOMED USMAN SAHIB BAHADUR:—" Sir, I want to say just one word, Sir, with reference to the unfortunate ending of the speech of my hon. Friend Mr. Narayanaswami Nayudu, when he said that he would press the matter to a division as it would signify something according to him. Sir, I just want to say this: that a poll would signify many things; it would signify those who are sincere in their demand for Prohibition and those who are not sincere in their demand for Prohibition; it would disclose those who sincerely think that Prohibition is going to uplift the poor of our country, and those who want to see that the poor of our country remain in the same miserable condition in which they are now. I value Provincial Autonomy, because, it has the capacity of improving the condition of the poor, both morally and materially."

* MRS. MONA HENSMAN:—" Mr. President, on this clause I would like to make a few remarks. Many and weighty arguments have been put forward already. So I need not go into that part of this clause. But I would support the mover of this amendment when he says that this particular clause does bring about a greater hardship and a greater tax than is necessary. Of course, the question of necessity is a matter of proportion and of choice. Probably it is a matter also of knowledge; and I do feel that the mover of this Bill has got more knowledge on that point than myself. But I should like to put forward a remark *a propos* of what he said on Saturday. The mover of this Bill put forward the argument, if I quote him correctly, that if the tax was found too heavy in any one case, it could in the future, when proved to be too heavy, be made proportionately lighter. I think students of history have scarcely found that when a tax has started in one way, it has been made lighter; and students of science and students of mathematics know that the greater contains the less, but very seldom has the greater been reduced to the proportion of the less. And those of us who are working

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among the Children's Aid and other societies have certainly found sweated labour in tobacco manufacture. And this kind of clause that puts a maximum rate of tax on the turnover of manufactured tobacco in particular will surely increase, rather than decrease, the hardships of sweated labour.

"Sir, many references have already been made to the poor, and I do not think I need labour that subject any more; but I think *a propos* of a remark that was made this morning about those of us who are women—and it is the women's point of view also—that if the tax on the turnover were made the minimum, it would be more beneficial to us in our homes. Already, Mr. President, when the motor car is used, the petrol tax affects the women and children at home more, because theirs is the 'superfluous petrol' and not the petrol that is to go towards 'making money for the family.' Already, the electricity tax might have induced some people to turn off their fans. The husbands may go to office and have the fan, but I do not think in their homes, the electricity tax will influence the families to use more electricity than is absolutely necessary. The entertainments tax also has made us aware that perhaps the husbands would sit at home or perhaps in the clubs, rather than go to entertainments; and that does not mean more entertainment for the women and the children. All these go to prove that our husbands go to us more for the 'soup' that we make at home and come to us more than they did before for the luxuries and amenities of the home; and if they are going to smoke—and we are all agreed that this tax will not lessen the number of smokers who will continue to smoke for reasons of selfish interest—they will spend more on the smoking; but the soup that we have to make for the men and the children will certainly lack some of the necessary ingredients, because this tobacco tax might have taken the money over. It may be no doubt a little bit each time; but in the long run, in the course of a whole year, it must be a matter which counts. From many points of view, I think it will be a great and good thing if this amendment can be accepted. We do not object to the taxation on the turnover, but it might be the minimum and not the maximum as at present. And if it is found in future that this is too little, surely, it can be made more."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, the proposal is to reduce the rate of the tax and to exempt the smaller dealers altogether from this tax. That, in substance, is the meaning of the amendment moved just now. In support of the arguments, the last speaker appeared to me, if I have followed her, to press the general point that all taxation makes the men spend more for articles of consumption of one kind or another and that they will come home with less money to give to their wives for the articles of necessary consumption for the maintenance of life

and family. That contains a true principle no doubt. All taxation has that effect; but the hon. Member who spoke last should also remember that all women have not husbands who go to office, that there is a very large class of men who go to another place which we have in mind just now, which is not an office but yet Government-established, where they sell liquor. And our whole object has been to save a little more for the ingredients of the good housewife's broth at home by stopping those people from going to that place which I won't describe. Therefore, it is something necessary to prevent men from going to the liquor shops. Putting it in a brief form, it comes to this: shall we put this tax, high though it may be, with reference to tobacco, or shall we put a very much higher tax on drink? Drink not only calls these men but actually drags them as if by an iron chain, to those shops. Which shall we do, is the real problem, and I commend that problem for the careful and considered opinion of the lady member who spoke last. Is it good to make this sacrifice in order to stop the drink shops all over the country—which is essentially a women's movement, if I may say so? The Prohibition measure which was introduced is a cent per cent present to the women of our country. I want Mrs. Hensman to consider that aspect of the matter. If she accepts the arguments of the learned members of the Council who have said that we may abolish drink all the same and yet we need not introduce these taxes, I have no answer to give; but I would only tell her that it is not a correct argument. But if she does not accept that and admits, along with us, that in order to do away with drink quickly all over the Province, because the women all over the Province should have the pleasure of a happy home and a full purse when the husband comes home, then she must agree with the Government and vote with them not only for this tax but for the other taxes which we propose, in order to do away with drink altogether. I was very much pained, if I may say so, to see a lady member rising up and . . ."

* MRS. MONA HENSMAN:—"On a matter of personal explanation, Mr. President, I did not say anything against Prohibition; I myself have voted for Prohibition; and, as the Hon. the Premier says, it is a women's movement. But what I state is, and I do feel so, that women cannot be committed in the future to everything that is being put forward as a plea for making money for this purpose. All of us have not got husbands who are going periodically or habitually to such places; but we also do think of such husbands. I do not think it is quite fair."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I do not deny the general proposition. I want the hon. Member to bear with me. I appealed to her to support the Government not only in the movement for Prohibition but in every necessary step to

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achieve that object; otherwise, the support given with one hand is taken away by the support that is not extended to any subsequent measure which is necessary to carry out that object. It is not as if I find fault with her; I appeal to her that if the women of our country want Prohibition, they must support every measure that is necessary to give practical shape to that movement for Prohibition. It is not enough merely to swear by Prohibition; it is necessary to make the sacrifice for it. There are classes and classes of people; there are grades and grades of people; and let Mrs. Hensman just consider for a moment what this tax is that she has been speaking about. It is a very heavy tax on only one commodity that is sold in this country, and that commodity has got a big charm for a particularly miserable set of people, from which they cannot escape. Is it just to pay a very heavy tax on a particular commodity which captures the poorest among us and the most miserable and illiterate among us, or is it just to tax all commodities which people may or may not pay according to their standards? I want her to consider this: that is why I am earnestly pleading for the help of women, whether in this House or outside this House, for the movement we have undertaken; and not only for the movement in general, but for other particular steps that may be necessary for carrying on that movement to a successful end.

"Then, Sir, I was utterly confused, if I may say so, by the jumble of articles that were brought forward into the Council for the Council's consumption by Mr. Narayanaswami Nayudu—broth, chickens, chicks, crocodiles, crocodile tears, razors, blood, bloodthirsty things, etc., all made into a monstrous and wonderful soup for us to swallow, if I may say so. There is no use of any analogy or any simile or any unusual comparison whatsoever, or even any parable or Aesop's fable, or any such thing. If we jumble up things like this and make a monstrous soup altogether, my hairs stand on end when I begin to consider the results of these crocodiles, crocodile tears, the crocodile broth, etc. (Laughter.) Mrs. Hensman, coming last, referred to the broth not having some ingredients on account of less money for the home. But in spite of all this, I must say that the whole thing is utterly confusing. Let us examine the thing a little more calmly. What is the question? The question is that this tax is too high. He says, we can manage without this tax."

SRI B. NARAYANASWAMI NAYUDU:—"For this year."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Yes: less tax this year and more for next year. Let us leave now all the chickens, the broth and all that. Let us take things one by one. With regard to this rate of tax, let me submit that tobacco has been taxed highly in all countries; and Mr. Nayudu is wrong, if I heard him correctly, when he said that they started with a low

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rate with reference to tobacco in other countries. Even in that case, it does not make much difference. He said that we must start now just as England started 25 years ago or so, that we must raise it afterwards, then we must have also a civil war, kill a king and then we must come to the end of it, and all that. We need not copy every particular stage which other countries have gone through; we must take the lesson of what other countries and other people have done and act in such a way as to save ourselves at least some of the intermediary troubles. We must get through them quickly.

"Tobacco to-day is in all the civilized countries of the world a very, very highly taxed commodity. Just the other day, even though it had been already, according to all computation, taxed heavily in England, this year the tax has been added to by a few shillings. It is a very heavily taxed commodity in all the countries of the world, and there is reason for it; because it is just the luxury which people may, if they like, buy; or if they do not like it or if they cannot buy, they may avoid. It is not a thing which like some other articles, say opium for instance, will drag them into the pit, whatever tax we may put upon it. Tobacco has got that voluntary craving about it, so to say, which makes it an easily taxable commodity. A man may smoke 100 cigars a day, while another may smoke only twenty cigarettes, and both of them can regulate smoking to some extent. That is why it is a favourite object of taxation throughout the world. It is not a necessary thing for life. Anyway, it is taxed all over the world and our tax is none too high. It is the first time we propose this tax. Till now, it has escaped taxation. It is a wrong thing; it must have been taxed long ago; if it had been taxed earlier, the evil would not have spread so much in our country as we find it has spread to-day, and our boys would not have taken to it so much as they have to-day; and in every manner, it would have really done us some good.

·30 m. "I do not pretend that this is a measure which we bring in in order to reduce smoking. I say that this is a revenue measure; and being a revenue measure, we have put a fairly stiff tax. I ask the business instincts of all members to come to my assistance and see that it would be impossible to exempt a block of small dealers from the operation of this stiff tax. Hon. Members know that tobacco is sold in our country by dealers who also sell other things and their sale of tobacco is necessarily very small. If we have an exempted block at the bottom, the tendency will be for the whole of the tobacco trade to get into smaller shops and our advice has been that it would be impossible to have an exemption block in the case of tobacco. Therefore we do not have any exempted block at the bottom. It would be impossible to collect any tax if we have such a scheme.

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"Then the question is whether we have to tax them highly or whether we have to tax them less. Mr. Ahmed Meeran eloquently argued that it was very unreasonable to have a higher tax on higher turnovers. He pleaded for a lower tax as the turnover went up. The higher turnover, he said, ought not to be a reason for the raising of the tax. I admit that that is one point of view; it would be like putting a discount on good business; it would be discouraging people from extending their turnover. Though that is true, no proposition in the world can be solved only by one test; there are other tests to be applied. The man who sells a small quantity of tobacco is not merely a tobacco dealer but he also deals in other things and he sells small quantities of tobacco along with other things. Is it necessary to tax him to the same extent as the big cigar merchant, or the cigarette merchant who sells large quantities of manufactured tobacco of a high class? Is it necessary to put the same tax upon the betel shop-keeper or soda water seller, who sells Rs. 200 worth of tobacco in a year as we do upon a big dealer in manufactured tobacco? It did not appear to us that there was anything wrong in putting a lighter tax upon the man having a lower turnover.

"Mr. Meeran graphically described the nightmares the merchant would be having if his turnover was bordering on the upper limits of the slabs. 'Just one rupee,' he said, the man would be thinking, 'and my rate would go up very high.' It is in order to avoid such nightmares on the part of the merchants that we have introduced a provision in clause (c) whereby he would have to pay only the same rate as he had to pay when his turnover was below that amount and any extra tax that he would have to pay would only be in respect of the amounts in excess of Rs. 400. It may be that he would have to pay a higher rate than the man having a business of Rs. 400. I do not think that that is wrong because it generally falls under a different class. This man is a good dealer in tobacco and a very successful dealer and there is no harm in putting a higher rate upon him. This is the rationale of the clause as it is set down. I do not think that there is anything more for me to say. Hon. Members should remember while they are criticizing the rate that this is not an income-tax. It is a tax on the turnover and it is a tax on the commodity. It is not as if the dealer is going to pay all the tax. The whole argument of the Opposition has been vitiated by this feeling. The merchant who is compelled to pay this tax is not by any means a gullible person of that kind. The whole of the tax that is levied upon tobacco will be paid by the unfortunate man who smokes, unless it be that the dealer has been hitherto been cheating his customers and has been enjoying a large margin of profits. In this case, his brother dealers will not allow him to transfer the tax to the consumer and he

will have to sell it cheaper and try to make his own profit, bearing the tax that is levied upon the turnover. So the criticism levelled against this tax, as if it were a tax on income on the dealer, is not correct. I submit that the rates have been considered most thoroughly not only in the Select Committee but also in the other House at great length. Great patience and business experience has been bestowed upon it and I beg the House not to accept this amendment."

MR. PRESIDENT:—"The question is:—

'*Omit* sub-clauses (*a*), (*b*) and (*c*) and *substitute* the following:—

"If such turnover exceeds Rs. 200 but does not exceed Rs. 500 ... ... Rs. 5; and

"If such turnover exceeds Rs. 500 one per cent for the first Rs. 500 and 5 per cent on the remainder of the turnover." ' "

The amendment was put and declared lost.

Sri B. Narayanaswami Nayudu demanded a poll. A poll was taken and the House divided thus:—

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 Sri Diwan Bahadur R. Srinivasan.
3 Khan Bahadur T. M. Moidoo Sahib Bahadur.
4 Sri B. Narayanaswami Nayudu.
5 Hajee Munshi Abdul Wahab Sahib Bahadur.
6 Rao Bahadur M. Ramakrishna Reddi.
7 S. K. Ahmed Meeran Sahib Bahadur.
8 Syed Abdul Wahab Bukhari Sahib Bahadur.
9 Mrs. M. Hensman.
10 Sir Frank Birely.
11 Mr. S. J. Gonsalves.
12 Sri M. D. Kumaraswami Mudaliyar.
13 Dr. Sir K. V. Reddi Nayudu.
14 Sri Rao Bahadur M. Raman.
15 Mr. J. A. Saldanha.

Noes.

1 The Hon Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 " K. Madhava Menon.
4 " V. V. Jogayya Pantulu.
5 " R. Srinivasa Ayyangar.
6 " A. Rangaswami Ayyangar.
7 " K. V. Srinivasa Ayyangar.
8 " N. Sankara Reddi.
9 " V. Vasantha Rao.
10 " S. A. S. Rm. Ramanatham Chettiyar.
11 " M. Narayana Menon.
12 " L. Subbarama Reddi.
13 " K. Venkataswami Nayudu.
14 " T. A. Ramalingam Chettiyar.
15 Sri T. C. Srinivasa Ayyangar.
16 " D. Sriramamurthi.
17 " V. Ganga Raju.
18 " L Subba Rao.
19 " P Peddi Raju.
20 " P. Veerabhadraswami.
21 " K. P. Mallikarjunudu.
22 " N. Venkatachalamaji.
23 " V. Venkatapunnayya.
24 " C. Perumalswami Reddiyar.
25 " K. S. Sivasubrahmanya Ayyar.
26 " S. K. Sadagopa Mudaliyar.
27 Sir Mahomed Usman Sahib Bahadur.

Ayes 15. *Noes* 27.

The amendment was lost.

Clause 4.

Sub-clause (2).

SRI B. NARAYANASWAMI NAYUDU:—" I *move*—

' For *the word* " *two* " *occurring in line* 3, substitute *the word* " *one* ".'

The object of the amendment is to reduce the rate of tax leviable on the wholesale dealer from two per cent which is provided for in the Bill to one per cent. The arguments that have been adduced with regard to the rates will apply to this also. I, therefore, propose the amendment for the consideration of the House."

SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—" I second the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" According to the scheme of the original Bill, there was provision for monopoly vend; but practically the whole of the business community that was interested in this commodity appeared to feel that it would disturb their business and therefore it was dropped. When accepting that, this rate of 2 per cent on the wholesale sale of manufactured tobacco was introduced as a set off, to which there was no objection at the time. This has been considered in the other House later on and objections have been made and answered. I am sorry, Sir, I am not able to accept the fifty per cent reduction that is proposed in regard to the wholesale tax."

The amendment was put and lost.

Clause 4 was put and declared carried.

S. K. Ahmed Meeran Sahib Bahadur demanded a poll. A poll was taken and the House divided thus:—

Ayes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 ,, K. Madhava Menon.
4 ,, V. V. Jogayya Pantulu.
5 ,, R. Srinivasa Ayyangar.
6 ,, A. Rangaswami Ayyangar.
7 ,, K. V. Srinivasa Ayyangar.
8 ,, N. Sankara Reddi.
9 ,, V. Vasantha Rao.
10 ,, S. A. S. Rm. Ramanathan Chettiyar.
11 ,, M. Narayana Menon.
12 ,, L. Subbarama Reddi.
13 ,, K. Venkataswami Nayudu.
14 Sri T. A. Ramalingam Chettiyar.
15 ,, T. C. Srinivasa Ayyangar.
16 ,, D. Sriramamurthi.
17 ,, V. Ganga Raju.
18 ,, L. Subba Rao.
19 ,, P. Peddi Raju.
20 ,, P. Veerabhadraswamy.
21 ,, K. P. Mallikarjunudu.
22 ,, N. Venkatachalamaji.
23 ,, V. Venkatapurnayya.
24 ,, C. Perumalswamy Reddiyar.
25 ,, K. S. Sivasubramania Ayyar.
26 ,, S. K. Sadagopa Mudaliyar.
27 Sir Mahomed Usman Sahib Bahadur.

Noes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 Sri Diwan Bahadur R. Srinivasan.
3 Khan Bahadur T. M. Moidoo Sahib Bahadur.
4 Sri B. Narayanaswamy Nayudu.
5 Hajee Munshi Abdul Wahab Sahib Bahadur.
6 Sri Rao Bahadur M. Ramakrishna Reddi.
7 S. K. Ahmed Meeran Sahib Bahadur.
8 Syed Abdul Wahab Bukhari Sahib Bahadur.
9 Mrs. M. Hensman.
10 Sir Frank Birley.
11 Mr. S. J. Gonsalves.
12 Sri M. D. Kumaraswami Mudaliyar.
13 Dr. Sir K. V. Reddi Nayudu.
14 Sri Rao Bahadur M. Raman.
15 Mr. J. A. Saldanha.

Ayes 27. *Noes* 15.

The motion was carried and the clause was added to the Bill.

Clause 5.

Sub-clause (2).

1-45 p.m. * MR. J. A. SALDANHA :—" Mr. President, Sir, I beg to move—

' For *the words* " *a resolution of the Legislative Assembly* " substitute *the following*: " *resolutions of both the Houses of the Legislature* ".'

" Sir, I urge this motion for the consideration of the Government on constitutional grounds, as it affects not only the prestige of this Council but also the status of the House. And so, I am sure both sides of the House will support me. (Laughter.) At any rate I am sure it will have the sympathy of every party of this Council. This Bill does not become law unless it is passed by both the Houses of the Legislature, though we get things so well and beautifully cooked in the other House, and though we are asked to swallow whatever is brought from the Assembly, however indigestible, it may be. (Laughter.) However, I have to point out the grave injustice that is sought to be done now. Sub-clause (2) runs thus—

'The Provincial Government may, from time to time, by notification, alter all or any of the fees specified in sub-section (1), but no such notification shall come into force unless the same is approved by a resolution of the Legislative Assembly.'

Now, Sir, clause 5 is the most important part of the Bill. It is under this clause that fees are levied; it is under this clause that it has to be decided whether there should be a grant of licence and if so, at what rate and so on. If both the Houses are to deliberate upon this measure, surely, it stands to reason that this House should have power also to change the rates. You might as well say, ' the Executive has such a large majority in this House that it has passed some orders without any reference to the Legislature.' But if in any case the consent of the Legislative Assembly is deemed necessary, surely it follows for any man of ordinary intelligence from the commonsense point of view, that the Legislative Council also should be consulted.

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" Sir, here I wish to refer to certain legal points of view. Under section 84 of the Government of India Act, 1935, both the Houses should pass all Bills relating to financial matters, both the Houses should discuss the budget estimates and the annual statement of expenditure ought to be placed before both the Houses. And it is only with regard to the renewal of grants and assent to grants, this House has no power. Except grants of that nature, all Bills so far as revenues are concerned, can become law only after assent from both the Houses. And this is clear from section 82. It says, ' A Bill or amendment making provision for imposing or increasing any tax shall not be introduced or moved except on the recommendation of the Governor and a Bill making such provision shall not be introduced in a Legislative Council. ' And that is, in the first instance. But after introduction, just like this Bill, revenue Bills must get the assent of both the Houses. Now the question is, ' how can this House be excluded when there is going to be a change in the rates of taxation? ' The House must remember this: ' this House passes a Bill containing certain rates of tax. And in passing this Bill we agree to the rates specified therein. And now what is sought by this clause is, should at any time the rates are altered, we need not be consulted on that question. That is to say, we shall have no voice in deciding whether the rates ought to be revised or not. We have the right to pass all finance Bills and revenue Bills, but not to revise them. '

" Sir, we are already made to feel an inferiority complex in various ways. It is due to whom, I do not know. Our President feels helpless in the hands of the Government. (Laughter.) It has to be rectified by Government. In fact we find Government themselves treat us in a step-motherly way—I have felt this before and put up with them. But in this case we feel it so much that we cannot overlook it, and that is why I have come forward with this amendment declaring that the rates cannot be revised unless they are approved by a resolution of both the Houses of the Legislature, and not merely of the Lower House only. The Upper House should not be left higher up (laughter) without being consulted. I hope, Sir, as a matter of respect to elders (laughter) the Hon. Premier will consider it necessary that the Upper House should be consulted even with reference to changes of rates. If the Executive authority should carry out the changes without the assent of the Lower House, of course there is no objection. But when once the Lower House is consulted it stands not only to reason but to law and also respect to the Upper House that it should be consulted. "

SIR B. NARAYANASWAMI NAYUDU :—" Sir, I beg to second the amendment of my hon. Friend, Mr. Saldanha; and I congratulate him on having brought forward this motion. Because it is one of the most important privileges and rights of

this House that we should retain all control with regard to finance. In fact it is the constitutional view that the Legislature should have full control over finance. And further it is rather remarkable and surprising that the other side belonging to a popular party should surrender this right. To do so is nothing short of self-immolation. I do not know why it has been surrendered to the other House. From the way in which things are done, I am afraid that gradually we will have no taxation measure before us. In all the finance Bills we have had so far I see invariably the word ' Council ' has been sedulously omitted and only the word ' Assembly ' is found. The other side may as well dispense with this House, ignore it altogether, bring all measures before the Assembly only and have a rump Parliament and satisfy themselves, instead of treating this Chamber in this fashion. "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I wish to assure Mr. Saldanha that it was not to add to the existing feeling of some kind, which he referred to by the phrase ' inferiority complex ' that this clause has been framed in this manner. It is not to insult, to ignore or disregard the importance of this House that the clause is worded this way. I want his attention as well as Mr. Narayanaswami Nayudu's who made a research into the constitutional position. There are provisions for a joint sitting of the two Chambers and elaborate provisions for arriving at conclusions with reference to Bills. But there is no provision correspondingly with regard to the differences of opinion arising out of things done by resolutions. Therefore, this should not be considered as if it were a Taxation Bill. If the provision stands, as it does, the rate of licence fee may have to be altered from time to time by the Government, and the ambit of that alteration is only with reference to the licence fee provision and not the taxation provision. Any body has to be authorized to sit over the resolutions of the Executive, to approve or disapprove and not merely read them. Then, it is necessary to restrict this to one House or the other. If the choice is to be between the Assembly and the Council, it has necessarily to be, in the nature of things, the other House (Assemhly).

" Here we could have done two things. We could have provided that no such change should be possible for the Executive except through a new legislative measure. Then, of course, the measure, by the constitution, would come before both Houses. But if the change has to be done by the Executive and merely placed on the Table of the House, then both the Houses could be consulted without difficulty. But if it is to be approved or disapproved, in the constitution there would be no machinery for such a provision; because if the other House (Assembly) says, two rupees should be the licence fee, and this House says, it should be two rupees and eight annas, there is no way to get out of this difference of opinion. It is not really an intention to disregard

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the Upper House, but the constitutional arrangement is such that the Executive takes powers to-day for doing things financial. If it is small enough and the Chambers agree to give it to the Executive without any approval from the Legislature, then it is a different thing. But if the subsequent approval by a resolution is necessary for the Executive modification of some small matter like this, then it is only to be in the other House. That is why the words 'a resolution of the Legislative Assembly' are put in. I hope my explanation is sufficient for the impression to be withdrawn, because it is not right to imagine that there is anything intended in the words by way of reducing the importance of this House.

(Dr. Sir K. V. Reddi rose in his seat.)

"Before my hon. Friend rises, I wish to point out that the Assembly has the inherent and predominant right to decide matters of this kind and the Executive has a right to say that it should be decided by a resolution of the Legislative Assembly in respect of a matter provided for in this clause."

DR. SIR K. V. REDDI NAYUDU :—"We are indebted to the Hon. the Prime Minister . . . . ." 1 p.m.

* THE HON. SRI C. RAJAGOPALACHARIAR :—"May I draw the attention of the Chair, Sir, that it should not become a practice for the hon. Member to rise after me?"

DR. SIR K. V. REDDI NAYUDU :—"Mr. President, may I have your permission to refer to a parliamentary practice on that matter. It very often happens in the Parliament that the Member of the Government rises immediately or almost immediately after the mover of the amendment. Then . . . . "

* THE HON. SRI C. RAJAGOPALACHARIAR :—"I did not do that, till after waiting for anybody else to speak."

DR. SIR K. V. REDDI NAYUDU :—"Yes, Sir. My subject arises purely on account of the speech of the Hon. the Prime Minister. Does it mean that nobody shall be able to reply to what the Prime Minister said? Of course he has got the last word. We have not the slightest objection for the Prime Minister having the last word. But to say that there shall be no reply to the Prime Minister! Then the discussion might not take place at all. Whatever he may say, we are bound to accept it! He . . . . "

* THE HON. SRI C. RAJAGOPALACHARIAR :—"This is altogether putting a wrong construction on the important position I have taken up. It is right once in a way when any matter of explanation arises or any point of order arises, or even a matter of explanation, personal or otherwise, or even a point of information that has to be given to the Government; and a Member may rise. But to do it as a regular practice is what I object to. If it is not information and if it is merely an argument, then an hon. Member here will say that he has a right

to speak again and then another hon. Member again on the other side and so on. There will be no end. Some kind of order has to be observed and some kind of limitation has to be preserved. If the hon. Member says it is only an explanation, I have absolutely no point. I have no point to raise at all. If it is a mere argument, I submit, it should be restricted. "

DR. SIR K. V. REDDI NAYUDU :—" I submit that it is not possible for me to accept the statement of the Hon. the Prime Minister. I can only say that is quite contrary to the practice that is obtaining in the House of Commons. There an opportunity is given to the Opposition to reply to the speaker on behalf of the Government. No doubt, he has got two speeches and he has the last word. But the first statement shall not be the last word, because an opportunity should be given to the Opposition to reply. What happens here is this. He has got the right of reply and we have no right of reply at all. "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" We are again being complicated by a wrong reference. It is quite true that on a motion the Government begins, the Opposition has a right of reply and then the Government again replies. On an amendment, the Mover of an amendment has no right of reply, much less other Members."

DR. SIR K. V. REDDI NAYUDU :—" I am not quite sure of that. Be that as it may; if it is your ruling that I can speak, I will speak."

MR. PRESIDENT :—" As a matter of courtesy I will allow you to speak. Hereafter after the Hon. Premier's reply, no hon. Member should speak without the permission of the Chair."

DR. SIR K. V. REDDI NAYUDU :—" Even when the Prime Minister brings any matters which are not before the House, Sir?

" The Hon. the Prime Minister has been in the habit of telling in this House: ' The matter has been discussed very largely and elaborately in the Lower House; it has been printed in all the newspapers . . .' "

MR. PRESIDENT :—" This House does not take into consideration all that."

DR. SIR K. V. REDDI NAYUDU :—" That is what I am saying. He starts with that and moves the . . . ."

MR. PRESIDENT :—" In this particular instance he has given the final reply at the end. If the hon. Member wants to say something . . ."

DR. SIR K. V. REDDI NAYUDU :—" For your consideration, Sir. I shall try to explain as clearly as I possibly could. It is this. I am saying that in the first speech of the Prime Minister in introducing Bills, either at the first reading or the second reading, . . .

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* THE HON. SRI C. RAJAGOPALACHARIAR :—" Has it anything to do with the amendment? "

DR. SIR K. V. REDDI NAYUDU :—" It has."

MR. PRESIDENT :—" It is an amendment moved by a Member. When an amendment is moved and the Premier replies, I do not think any Member has any right to reply."

DR. SIR K. V. REDDI NAYUDU :—" I am referring to a different matter. . ."

MR. PRESIDENT :—" We are only concerned with the amendment. We are concerned particularly with the amendment moved by the Member. When an amendment is moved and the Premier gives the reply, I do not think any Member has got any right to reply."

DR. SIR K. V. REDDI NAYUDU :—" I am bound by your ruling, Sir. Let me submit this. The practice in the House of Commons is that the Government Member, whoever is in charge of it, will reply formally when the amendment is moved and other Members then speak and then the Government Member has got the last word; but with regard to this amendment whether it is possible for us to speak, it depends upon your ruling. We are bound by your ruling. We have no intention of not obeying your rulings. It is not because we have any disrespect or want of regard for the rulings of the Chair; I would only like to place before you that this practice is contrary to the practice obtaining in well-known parliaments."

MR. PRESIDENT :—" It has been the practice in this House that the Mover of an amendment speaks and other Members speak, and at the end, the Member of Government replies. That is the end of it. That is what we have been following."

DR. SIR K. V. REDDI NAYUDU :—" It is an opportunity for us. May I speak now, Sir, on the remarks of the Hon. Prime Minister? "

MR. PRESIDENT :—" I do not think so, after all this . . ."

DR. SIR K. V. REDDI NAYUDU :—" Is it your ruling that I should not speak now? "

MR. PRESIDENT :—" You should not claim this as a precedent."

DR. SIR K. V. REDDI NAYUDU :—" The future will come later on. We are now concerned with the present."

MR. PRESIDENT :—" Yes. You may proceed."

DR. SIR K. V. REDDI NAYUDU :—" Thanks, Sir. Now, Mr. President, the argument advanced by the Hon. the Prime Minister, if I understood him aright is this. This House no doubt has got the power to express and even to vote down the Bill or a particular provision of it and if such a contingency happens

after the passing of the Bill in the other place, the procedure is that there should be a joint sitting. It is admitted that a clear right exists for this House to express its opinion and give its vote on any measure and a Bill of this kind. But the distinction has been drawn in the present case that it is not a case of the Bill itself, but it is a case of a rule-making power and that there is no such provision as a joint sitting for this, and therefore, there is no point in your voting for or against it. My answer to that is this. This matter is a very important matter, namely, the determination of the turnover. The whole thing depends upon that. The tax depends upon that; and considering the importance of that, the manner in which the turnover is to be determined should have found a place in the Bill itself."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The hon. Member is making a mistake. (Dr. Sir K. V. Reddi Nayudu:—As is always the case with me!) A mistake in this case at least. Please refer to sub-clause (2) of clause 5; it has nothing to do with turnover. That is the provision which is under examination in the amendment."

DR. SIR K. V. REDDI NAYUDU:—"Yes, Sir. I am referring to that. Sub-clause (2) of clause 5: 'The Provincial Government may, from time to time, by notification, alter all or any of the fees specified in sub-section (1), . . .' That is, Sir, the taxation provision."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Licence fees only."

DR. SIR K. V. REDDI NAYUDU:—"Well, Sir. The licence fees. In other words, the Government are taking power to alter by rules at a later stage the licence fees that have been prescribed here. Now, I beg to submit, that is a thing which ought to be placed before this House at every stage. In that case, of course, it will come in as a part of the amendment of the Bill, in which case we will have the power to amend it if we like. You see, Sir, this sub-clause (1) prescribes varying kinds of licence fees. That is passed now by this House. So far as that is concerned the power of this House to vote on that is admitted. But they want to take power for the Government to alter these rates by rules. My submission is, that this is a matter of very vital interest, because, it is a taxation;—call it licence fee or duty it does not matter—so far as we are concerned, we are bound to pay. Therefore, my submission is that this is a matter on which, year after year, whenever they want to raise the licence fee, it ought to come in the form of a Bill before this House. On the other hand, they want to take the power and that power which is sought to be given will be a power of approval by a resolution. My submission is this: 'You first take the power which ought not to have been taken and then put it forward as a ground for this House not having the right.' I do not know whether I have made myself clear. My submission

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is that this House has got the right to have a motion in the shape of a Bill, an amending Bill. But in order to avoid that—I do not see whether they intended it, the intention need not be drawn into it—to avoid that difficulty, they are considering it unnecessary. ' We do not propose to bring it before this House by means of an amending Bill. We will only alter it by means of a resolution. We will place it before the Assembly.' Our submission is that the effect of this taxation and the burden is sought to be placed upon the people of this land. This House has as much right as the other House and if you do not want to bring it forward by an amending Bill, let it at least be placed before us by a resolution of this House. That is our objection."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, the hon. Member has somehow or other committed a number of mistakes in the matter. He has finally settled down to this position. He says that the Government are wrong in asking for a provision by which they could alter the licence fees from time to time without an amending Bill. If that is so, then the whole of this sub-clause is out of place and, if at all, any change is to be made it should only be done by a regular Bill passed through both the Houses, in which case as I have already admitted, it would come before this House also. Since provision has to be made for check upon the notification of the Executive when they should have alterations of the licence fees, my point was—and that is the point which Sir K. V. Reddi referred to after my speech—my point was . . ."

DR. SIR K. V. REDDI NAYUDU:—" One of my mistakes! I have no secretaries to help me."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" My point was that there is to be a resolution passed by any Chamber only to approve of the notifications of the Government. It is impossible to provide for a resolution in the two Houses, because there is no provision in the constitution for an adjustment between the resolutions of the two Houses in regard to any important matter. There is provision only in respect of differences arising in respect of Bills. Therefore, either we have to provide that all changes shall be made only by legislation or we must provide that the rules of the Government shall be final. But the intermediate provision . . ."

DR. SIR K. V. REDDI NAYUDU:—" Is there any provision in the constitution to accept it by a resolution of the Lower House alone?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I will answer that. Any Bill passed by the two Houses can provide for it. It is unnecessary to provide for it in the constitution. I am surprised that even with the acuteness and keenness of the legal mind my friend refuses to apply it properly. The two Houses

together can authorize the Executive with rule-making powers. That has not been contested by anybody. If the two Houses authorize the Government to make rules which are intended to be placed before the Houses then it is final. But if the Houses wish to authorize the Executive with rule-making powers subject to their approval not by a legislative measure, but subject to their approval by a resolution, then I say there is no machinery for placing it before the two Houses and get the resolution through
-15 when the two Houses differ. That explains why I say that if we
m. choose to take the intermediate method of neither having absolute rule-making powers for ourselves nor relegating it to regular legislation and asking for a resolution of some House or other, then we have necessarily to choose the Legislative Assembly because there is no provision for a joint resolution of both the Houses."

DR. SIR K. V. REDDI NAYUDU :—" My question was, 'Is it only a single body that has to do it?' "

THE HON. SRI C. RAJAGOPALACHARIAR :—" There is provision in the ordinary law for a legislative measure to provide for the rule-making power under any conditions that it may impose. But the conditions must be practicable conditions and that is why we have framed the condition in this manner. Sir, there is no difficulty, at any rate as far as I can see and I have tried to explain it."

MR. J. A. SALDANHA :—" One question I will put to the Hon. the Premier, Sir: 'If the Lower House refuses to consider, why not refer a matter like this to a body of veterans like the Upper House?' "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am glad, Sir, there are veterans here but it is not a question of veteranage. If the Lower House, the Legislative Assembly, before whom any notification is placed, for instance, say, to change Rs. 50 into Rs. 25 and if the Lower House rejects it, then the Rs. 50 stands as it originally stood. If the Lower House accepts it, then it is reduced to Rs. 25. But, Sir, if it is then put in this House and this House says 'Let it be Rs. 20,' there is no machinery under the constitution for anything being settled and therefore the original notification will stand, which will mean that this power will not be exercised at all. Sir K. V. Reddi's whole argument is in opposition to sub-clause (2) of clause 5. It is not in support of the amendment at all. He ought to say 'We do not want sub-clause (2) of clause 5' and vote against it, if his argument is correct. But it is not possible for a resolution to be adopted by both Houses in respect of a change which the House wants to give power to make."

DR. SIR K. V. REDDI NAYUDU :—" The Hon. the Premier has taken the case of Rs. 50 and Rs. 25. But we are thinking of

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the case of Rs. 50 and Rs. 75. In that case would it not be necessary to take the consent of both Houses? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" If the House says it can only be lowered, I can understand. But no such notification shall come into force if it amounts to an enhancement unless it be by a new legislative measure. But even then the two Houses cannot come in."

The amendment was put and lost.

Clause 5 was put and carried.

Clauses 6, 7, 8 and 9 were put and carried.

Clause 10.

SRI B. NARAYANASWAMI NAYUDU :—" Sir, clause 10 (1) (*e*) reads: 'If the conditions of such licence provide for the cancellation or suspension thereof for any other reason.' I move the amendment which I have given notice of, viz.—

'Add *the following words at the end—*

" *and such conditions have happened in the opinion of the Collector after due notice to, and hearing, the licensee.* " '

" Hon. Members will see that no person can carry on trade in manufactured tobacco except after obtaining a licence. Therefore it is an important privilege. If the Collector wants to revoke the licence he must give notice, hear his objections and then only revoke the licence. This is an elementary principle of law and that is why I have given notice of this amendment, 'If the conditions of such licence provide for the cancellation or suspension thereof for any other reason and such conditions have happened in the opinion of the Collector after due notice to, and hearing, the licensee.' It should be determined after giving notice to him. Even that has been taken away. As it is the Collector may say 'I revoke the licence altogether without any notice even.' And, therefore, it is, that I have given notice of this amendment. But by all means you can have the pleasure of voting it down."

MR. PRESIDENT :—" The question is that in clause 10, sub-clause (1) (*d*) all the words after the word 'Act' occurring in line 2 be omitted."

SRI B. NARAYANASWAMI NAYUDU :—" I am sorry, Sir. I have only dealt with the latter amendment. I move also the earlier amendment, viz.—

'*Omit all the words after the word* " *Act* " *occurring in line 2 in sub-clause* (1) (*d*).' "

"The sub-clause is 'If the holder of such licence is convicted of any offence against this Act or any other revenue law, or of any cognizable and non-bailable offence under the Indian Penal Code . . .' Hon. Members will see we are now dealing with the right of trading, a right which now under the law nobody can take away. He can put up a shop without a licence or any such thing. Hereafter the right is regulated by the licence and the whole trading right of the nation is sought to be vested in the executive and vast powers are to be given to it. When the right is to be regulated like this, it ought to be regulated strictly.

"'If the holder of such licence is convicted of any offence *against this Act* or any *other revenue law, etc.* . . .' that is what sub-clause (*d*) is. Suppose he misappropriates what may be called the Government revenue and he is convicted for it, is he to be penalized for carrying on this trade? Or, if he is punished under any section of the Penal Code, suppose he is convicted of theft, is he to be stopped from carrying on trade in tobacco? The Hon. the Premier may laugh at this. But it is a genuine apprehension. Is the trade in this country to be regulated like this? Persons might have committed misappropriation or theft or even murder but might have been let off subsequently, but are they to be prevented from carrying on trade? The Collector may cancel or suspend their licence as the clause stands now. They will come under the discretion or the indiscretion of the executive authority then in the district. That is the question and if you want to give all the power to the executive, by all means you can have the pleasure of doing it. To my mind, however, it looks extraordinary."

The amendments were seconded by Khan Bahadur T. M. Moidoo Sahib Bahadur.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I draw the hon. Member's attention to the many existing Revenue Acts such as the Acts with regard to the liquor revenue, the Abkari Act, the Opium Act, all those Acts and any other Revenue Act and I would like him to see whether such provisions do not exist in every one of those laws and have not been worked for a number of years without any serious mishap such has now been pictured by the hon. Mover of the amendment."

SRI B. NARAYANASWAMI NAYUDU:—"But this leads to the right of trading in the country."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The right of trading in liquor and the right of trading in opium were exercised before the relevant Acts were passed. This is also a right

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in trading in tobacco. It is not as if tobacco is a trade any more or any less than any other commodity. Now, in every one ot the licensing Acts it has been provided that the licensee must be a person who is of good character, namely, he should not have committed any offence with respect to the submission of accounts or fabrication of accounts and things like that either in respect of the Act with reference to his duties and functions or in respect of similar provisions. Now, the only provision that is here in clause (*d*) with which one amendment deals is that he should not commit an offence against this Act or any other law or under the Indian Penal Code, any one of the graver offences. That is in the Abkari Act. That is in every other Act. The point is that a licensee has to be trusted. He should not be put in the witness box with respect to any ascertion he makes. His statements are taken as correct and examined. In cases where a licensee has cheated the Government or committed any moral offence of a serious nature the Government are entitled to say ' You should not have this licence ' and it is not as if the whole trade suffers. It is the particular man who has been guilty of theft or of cheating or of fabrication of accounts or of committing any offence under this or other revenue laws of an exactly similar nature who suffers. For instance, under the sales tax, another revenue law, he returns an account which is the same for both, this as well as for the other, his account is fabricated and it is shown that he has committed forgery and that the wholesaler's account and his account are wholly different and they were party to a conspiracy to cheat the Government, surely he cannot have the licence and it cannot be pleaded that he should have it.

" The second point is that the man should be heard. I will only make this statement that it is assumed in the law and in all matters where a man is to be penalized, the law will not permit such penalization, under the ordinary law of natural justice which is applied in all jurisprudence, that the man should have an opportunity to be heard. It is unnecessary to say that he should be heard. The clause reads clearly like this: ' if the conditions of such licence provide for the cancellation or suspension thereof for any other reason '. That is a substantial reason and must be provided for in the licence itself. When that condition is not fulfilled, then the Collector may cancel or suspend the licence granted. It does not mean that he can do so without hearing the licensee. It is hardly necessary to put in a mere rule which is implied in every provision of penalizing in that law. It need not be put in here. In fact you will have to introduce it everywhere as for instance in the other clauses, ' if any tax is not duly paid the Collector after due notice and hearing the licensee cancel, etc. ', ' in the event of any breach, etc., the Collector after due

notice, etc. '. There also it is implied. It applies to every clause and not only to this and there is no meaning in adding those words. That is with reference to the second amendment."

The amendments were put and lost.

Clause 10 was put and carried.

Clause 11 was put and carried.

Clause 12.

SRI B. NARAYANASWAMI NAYUDU :—" Under clause 12 (1) ' Every licensee under this Act shall, in respect of each licence held by him—(*a*) keep such books of account and in such form as may be prescribed; and (*b*) submit to the Collector and to such other officers as may be prescribed, a return in such form, containing such particulars and at such intervals, as may be prescribed.'

" This is the obligation to keep accounts. The amendment which I have given notice of and I move is as follows:—

' Add *the following proviso,* " *provided the Collector may exempt any licensee whose turnover, in his opinion, does not exceed Rs.* 500 *from maintaining account books and furnishing returns as required in this clause.*" '

" Again I say, just as with regard to the rates, that we have got the village shop-keeper. Ninety-nine per cent of them, I can challenge the other side, are absolutely illiterate. They do not know how to write even one letter of the alphabet. Such persons never go to swell the unemployed list. On the other hand instead of being unemployed he sells tobacco, cigarettes, etc., and makes about four or five annas a day and the Hon. the Premier says he must give a return of his account and he must hang upon the Collector for his licence. Where does it lead to except it be that the poor man who is carrying on the trade in the village shop must go and employ some Brahman, some Pantulu as his clerk? He will make some miscalculations about it. Your education policy, has it at least made fifty per cent of the masses literate? He cannot dictate one line and he is to make the return and has to swear to a thing which he does not know. Is this necessary? As my hon. Friend, the erst-while Leader said, you want to do things in the name of Prohibition. Does your Prohibition policy compel you to make the poor man who does not know anything, whose turnover is only four or five annas a day, submit his accounts? What I say is ' At least give the Collector the discretion '. He knows whether the man can maintain accounts, whether his business is such as to maintain accounts. The leaf tobacco or manufactured tobacco will all be included in the transaction with regard to these petty merchants. Are these

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persons to maintain accounts? The karnam will come and say the Tahsildar wants accounts. Is this harassment or legislation? I submit, whatever might be the reason for prohibition absolutely Islamic or Hindu conscience does not permit us to vote for this."

The amendment was duly seconded.

MR. J. A. SALDANHA:—"In this Bill as in many other taxation measures of this Government it is not so much the licence fees that will be objected to. It is the harassing manner of keeping accounts. It is not easy to keep accounts. We have to consider the literacy of the people in the Presidency and the vexatious trouble the poor people will be put to. In the name of humanity I would appeal to the Premier to amend the section. What is the good of saying we are saving the people from the sin of drinking and at the same time harassing them and punishing them everywhere. 'For the sake of Prohibition you have become a saint, go and keep the accounts.' Then you subject him to all sorts of vexatious interference on the part of the officials. Already we have had enough of trouble. This harassment is simply objectionable."

SRI M. D. KUMARASWAMI MUDALIYAR:—"It is not possible for us to expect the poor shop-keeper to maintain accounts. This keeping of accounts will be an additional burden to the taxation."

* MR. S. J. GONSALVES:—"This section seems to be almost unworkable on the part of the Government. One would like to know how many persons would be liable to keep accounts in each district. It seems to me a very large number of persons would be liable to keep these accounts. First of all who is to keep the lists? Of course if there are big traders in the city it is easy for the Government to find out who the traders are. But under this section if a person sells snuff he will have to keep an account. In every village there will be persons who sell snuff and bidis. The number of persons that will have to keep the accounts will be so many that it will be impossible for the Collector to control them. No machinery has been provided to work this section. The Government officers have to be pitied. It is quite clear that the village officers will have their own way. It is impossible for the Collector to check these accounts, and all the persons that are liable to keep the accounts will be harassed by the Government. If the Government have any sympathy for the poor they should not introduce any measure that would drive the poor people out of trade and prevent them from eking their livelihood. Poor women will be deprived of their income. Looking at this section from all these points of view, the difficulties of Government and the hardships of the poor, I appeal to the Government to accept the amendment."

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* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, it is very true that a large number of people are illiterate. But it is much truer to admit at once that a large number of people don't keep accounts even though they are not illiterate. A large number of dealers who do not keep accounts, at least show such accounts as they certainly keep. There is a great deal of truth in that there is a very much larger number of people who keep very minute accounts; only they don't show. Otherwise they cannot buy and carry on business. They deal with the accounts first-class but in their own way and not understood by our auditors. I have seen them. Mr. Gonsalves has had as much miscellaneous work and he must have known that as much as I do. What is it that the Government are going to do against that. Surely we have not become Ministers all on a sudden. It is not going to become a mere machine of harassment. What is said is a duty is laid on all licensees to maintain accounts. What is the penalty if a man does not have the account? If a man says he is illiterate all that will be done is someone will put an estimate upon his turnover and make him accept it. But if it is thought that people will be punished and will be put into jails, what is the object? No Government can do it. What is found in the amendment? The amendment says that the Collector shall have power to do certain things. In respect of the Collector it is quite reasonable to say such and such persons shall maintain accounts. It is not possible to put down in a class all varieties of applications by a variety of persons. A comprehensive provision has been made that rules may be made and that will include even what the mover has in his mind with regard to the Collector dealing with these people. The object of the provision is to see that no fraud is committed. The object is not merely to harass people. But in order to avoid fraud it is necessary to have this rule. Otherwise hon. Members will see—and that is why I am labouring the point—that a number of small dealers will carry on their business and say that they have no accounts and it is necessary to have powers to ask for accounts and it is right to ask for accounts. Nothing that is not legitimately possible can be asked by this clause or any other clause. I say that the words that are now in the Bill may be accepted by the mover of this amendment as covering such exemptions as he says the Collector should exercise. It would be within the rules and the rule-making powers which are indicated in the clause as it stands."

The amendment was put and lost.

Clauses 12 to 31 were put and carried.

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Clause 32.

Sub-clause (2).

* SIR FRANK BIRLEY :—" I move—

' Omit *the item* (*g*) *in sub-clause* (2).'

" Mr. President, I did not speak during the earlier stages of this Bill because having accepted however reluctantly the inevitability, I do not say the advisability, of Prohibition I must accept the liability of taxation to compensate for it. Having accepted this I also accept tobacco as a very suitable object of taxation. My own quarrel is with respect to certain details of the Bill and this is one of them. With your kind indulgence, Sir, I will refer to an amendment to this clause which was moved unsuccessfully in the Lower House. The amendment to which I refer was for the substitution for item (*g*) in sub-clause (2) the words ' any other matter which is to be or may be prescribed.' On further examination of the Bill however it appears to me that the point involved in that amendment is really already covered in sub-clause 2 item (*a*) which reads: ' all matters expressly required or allowed by this Act to be prescribed ' and I have therefore arrived at the conclusion with which I fondly hope Government will agree that the proper course is the complete omission of item (*g*) in sub-clause (2) and I will endeavour to justify this conclusion to the satisfaction of the House. But before I begin my argument I would like to make it clear to the hon. Members of this House in general and to the Hon. the Prime Minister in particular that I am proposing this amendment and the other two which stand in my name under the sincere conviction that these amendments are in the best interests not only of those who will be directly affected by this Bill when it becomes law but also of the Government of this Presidency hereafter and for all time.

" As they appear on the Notice Paper, they are insignificant and apparently of little moment; but, as I will endeavour to show, they involve principles of such import that the House should consider carefully the wideness of their implications before they decide whether to support them or not.

" I am aware, Sir, that if the House accepts these amendments, it will be necessary for the Bill to be returned to the Assembly with all the loss of time and with all the inconvenience that this procedure will involve; but I do ask, Sir, that this circumstance be not allowed to influence the judgment of Members on issues of such importance as these undoubtedly are.

" Now, Sir, assuming that sub-clause 2 (*g*) is good in law—which I take leave to doubt—I submit that in a fiscal measure of this nature, the intentions of Government should be made

plain in the Act and no undefined powers additional to those contained in the Act should be handed over to the executive authority.

"It is, Sir, a common place of the interpretation of Statutes that no rules can be made which go beyond the terms of the Act under which they are framed. It is therefore doubtful whether the sub-clause extends the powers of Government, but, unfortunately, it would require a law-suit to decide the point. I submit, Sir, that in view of the dubiety of the legal effect of the sub-clause, that it is an invitation to litigation besides being 'untidy' and perhaps even from the Government's point of view, superfluous.

"Speaking in the Assembly, the Hon. the Prime Minister said that he would give an assurance that sub-clause (*g*) is not intended to substitute 'an arbitrary promulgation of law' for 'legislation,' but the rule-making powers in this Bill are already sufficiently wide to cover all the substantive clauses of the Bill, and, in any event, they cannot be used to supplement the substantive clauses.

"I was going to add, Sir, that I have made what I consider to be an irrefutable case, but I am afraid to say this after having read the Hon. the Prime Minister's innumerable efforts at refuting the irrefutable and controverting the inconvertible I hope in this case, however, he will acknowledge that there is a strong case for the omission of this sub-clause from the Bill. But I am not so optimistic as I was when I began to consider my speech. (The Hon. Sri C. Rajagopalachariar—You are right.) I do my duty and move that item (*g*) of sub-clause 32 (2) be omitted."

SRI B. NARAYANASWAMI NAYUDU:—"I second the amendment. I have already said that in clause 4 the Government have asked for a blank cheque with regard to money. Here they have asked for a blank cheque with regard to the powers. They have numbers behind them and they can get a blank cheque for money as well as for power. But the public will agitate against it."

* MR. J. A. SALDANHA:—"I strongly support this amendment. This gives power to the executive authority beyond the scope of the Act itself. My contention is that it is *ultra vires*. But it has now been held by a Court that a legislature having passed it, it is *intra vires* of the legislature. I am glad to see that Sir Frank Birley is against legalizing this act of assuming arbitrary power. This extraordinary power is likely to be used in a dictatorial manner. I am afraid that the Government will exercise this extraordinary power. It simply staggers me to see the Government asking for this power. Though we are prepared

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to take it for granted that the Prime Minister is all for the poor, this clause, clause 33 and a previous clause 3 are wholly bad. I hope this amendment at least will be accepted and this clause removed from the Bill."

* MR. S. J. GONSALVES:—"It seems to me, Mr. President, that under this clause the Government are taking legislative powers. The Government have got only executive powers. The clause says: '(1) The Provincial Government may make rules to carry out the purposes of this Act. (2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for . . . (g) any other matter for which there is no provision or no sufficient provision in this Act and for which provision is, in the opinion of the Provincial Government, necessary for giving effect to the purposes of this Act.' It appears that the Government feel that they may have lost sight of very important matters and want to provide for it by taking also legislative powers to be able to carry out the purposes of this Act. I submit that under this clause the Government are taking very wide powers. The House cannot agree to this. I strongly plead that this is a case in which the Government should yield and give up the power which it seeks to take under this sub-clause."

SRI RAO BAHADUR M. RAMAN:—"Mr. President, I want only to make one or two remarks. Sub-clause (1) of clause 32 says that the Government may make rules to carry out the purposes of this Act. In addition to this they want to provide for giving wider powers to the executive. This I think is very unsafe in any Government and much more so in this Government who spend people's money without any regard to the persons from whom they collect it. I support the amendment of the hon. Member."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"There must be, Sir, some serious mistake; otherwise I cannot understand how Sir Frank Birley thinks that the incontrovertible can be controverted. Either he is too confident about his argument or he undervalues the reasons of my argument. Perhaps that is a more reasonable explanation of this contradiction. If on certain given facts two people come to different conclusions, it is not as if one must necessarily be unreasonable and the other reasonable. It is possible that Sir Frank may come to a conclusion which is not correct and it is therefore my duty to try to show reasons to the contrary. Therefore there is nothing wonderful in the position that Sir Frank Birley finds. But to-day he rose in favour of every amendment that was proposed by the Opposition; probably, by habit, he came to the conclusion that we are thoroughly unreasonable people. But in this particular amendment of his I consider him to be most unreasonable, if he will pardon my saying so.

"What is this Bill for? It is to carry out a particular object. Does the Opposition, in moving amendments or in opposing, intend merely to place difficulties in our way? I assume, No. They only want to point out here and there that what we are doing is wrong. If the Opposition's intentions were to place as much of difficulty as possible in our way, then I can understand Sir Frank saying: 'Well, if you have omitted to provide for anything, you shall not have it at all until you come again. The whole thing must be suspended until you come with another Bill.' That is quite consistent with their position. But, if on the other hand, I am entitled to assume that the Opposition is only trying to point out errors, but do not really wish to stand in the way of our effectuating our object, then I think it is unreasonable for them to say that a clause which provides that in order to carry out the purposes of the Act and in giving effect to the Act if any difficulty is found or inadequate provision is found to have been made, the Government should have such and such powers, should not be there and that the Government should not have power to make provision for that. I submit they should not object to such a provision. If, on the other hand, as I already said, their only object is to non-co-operate with the Government, then the position taken up is understandable. If that is their object, it may be a correct thing to say: 'If you have omitted to carry a rope when you wish to hang a man, you cannot hang him. You cannot have the rope.' But if what they want to do is different, if they only want to improve the position and rectify the mistakes or remove the errors, then they ought to agree to this provision and supply the inadequacy or the insufficiency of the provisions necessary for giving effect to the purposes of this Act."

SRI B. NARAYANASWAMI NAYUDU:—"Not arbitrarily imagined by you, but only for giving effect to the purposes of this Act."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"This is not a new formulæ invented by us for the first time. Let not Sir Birley imagine that the Congress Government invented this for the first time."

SIR FRANK BIRLEY:—"I am aware of that, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"That is why I am drawing the attention of the hon. Member to the fact that in asking for this we are not asking for anything new in the spirit of trying to argue what is unarguable. In making administrative measures for the purpose of collection of revenue and for carrying out the administrative duties in modern Governments, experience has shown that in the modern complicated world of business and other organizations it is necessary to make a brief

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provision like this. Everything cannot be provided for in advance. Such powers are exercised very sparingly, though they are provided for in a particular manner. Let it be remembered that we have taken similar powers in other Acts and, has any hon. Member on the other side to show any precedent to say: 'Well, you took powers in such and such an Act and you exercised those powers in such and such a way?' Has there been any such thing? Has on any previous occasion any clause corresponding to clause 32 (*g*) been misapplied? If it has been misapplied, it would be perfectly relevant to put it forward now and that would have been better than making broad and wild allegations that this Government is taking money without accounting for it. Instead of making such wild allegations, I should have preferred hon. Members to say that in such and such an Act you took power and misused it. I do not find any hon. Member quoting such a precedent. I submit therefore that we have made out a case for giving the power that we seek in clause 32 (*g*)."

The amendment was put and lost.

Sub-clause (3).

* SIR FRANK BIRLEY:—" I beg to move— 2 p.m

'Omit *the words " except on the first occasion of the exercise thereof " occurring in lines 2 and 3 of sub-clause* (3).'

" Mr. President, Sir, I am aware that a similar amendment to the one which I am about to move has already been turned down in the Legislative Assembly and I would not have the temerity to move it again were I not hopeful that the experience and mature judgment of the members of this House will enable them to consider the case *de novo* in the light of the arguments which I shall submit.

" Here is a Bill which has been submitted to an elected Assembly, then to a Select Committee of that Assembly, the Select Committee's report was again considered by the Assembly and now it comes before this House for further consideration and until these august bodies have examined every implication of every word in the Bill it cannot be placed on the Statute Book.

" That, Sir, is the measure of importance of this and of any other Bill which seeks to lay directly or indirectly a financial burden on the people of the Presidency and it is, Sir, the full intention of a democratic constitution such as ours that the elected representatives of the people shall have the opportunity of expressing their opinions and voting for or against any measure which affects their lives and property.

" Any other procedure is the negation of democratic Government and I submit, Sir, that the innocent looking phrase 'except on the first occasion of the exercise thereof' giving as it does a blank cheque to the Government to make rules in the terms enunciated in clause 32 reduces almost to an absurdity the meticulous

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care which the Government have taken to consult the elected representatives of the people with regard to the substantive terms of this Bill.

"It would have been easier for Government to have omitted the slight formality of introducing separate Bills for the levy of this and other taxes. They might have substituted a sort of Portmanteau Act authorizing them to tax anything and everything on such terms and at such rates as they may prescribe in rules to be published as and when they feel like it.

"The objection to such a procedure is comparable with the objection which I have to the phrase which I wish to see omitted from clause 32, sub-clause (3).

"I am aware, Sir, that the words now sought to be omitted were included in the Petrol and Electricity Duty Bills but the strongest protests in the Select Committee were overruled and no amendment was moved in the Lower House because those Bills were introduced and discussed in March with the declared object and intention of bringing them into effect on the 1st of April and there would not have been time for notice to be given before publication of the rules.

"In the case of the Bill now before the House, however, no such situation exists and I submit, Sir, that there is no adequate reason for the inclusion of this objectionable proviso in the Bill now before the House.

"The Hon. the Prime Minister in his budget speech said that he had only calculated on receiving a yield from the Tobacco Bill in the second half of the financial year but even if the Bill were to be brought into effect from July 1st there would still be ample time for notice of the rules after the Bill is passed into law."

SRI B. NARAYANASWAMI NAYUDU:—"I beg to second the amendment.

"I do not know why the Government want to have a condition that the power to make rules on the first occasion alone should be excluded and I see no reason why those rules on the first occasion also should not be published. I support the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, a very powerful argument has been made by Sir Frank Birley and there is no doubt whatsoever that he has done so. But let me be permitted to appreciate the manner and the substance of the arguments made by him. It is due that I should explain to the House the reasons for the insertion of this phrase. As a matter of fact on the 1st July probably the Government would like to have the Act in working order as inferred by Sir Frank Birley himself. It may not be possible to have the first set of rules to be published, because the first set of rules will have to cover a wide area. They

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will have to cover for the first time a new process altogether, a new commodity which had not been under taxation till now and a new set of dealers and a number of things. There may be many revisions and re-revisions before these rules can be really framed. It is just possible that we may not have time that is prescribed for the publication of these rules as provided for under this sub-clause. For the second and subsequent set of rules it may be possible to have time for publishing them. But let me say that this is not at all possible for the first set of rules. However the way in which the Government have done this thing, should not have been caricatured by Sir Frank Birley in that manner. Hon. Members of the House should leave it to the Government to frame those rules. Really democratic Governments do such things though they call themselves democratic Governments. In modern complicated life the power and scope for Government to actually administer the affairs has been very limited. Things have become so complicated. Even in the great democratic country to which my hon. Friend Sir Frank Birley belongs, it is the Government that make all these laws. The Parliament does not make all the laws which they pretend to make. As a matter of fact, in modern times it is impossible that ordinary administrative laws can be dealt with in the old-fashioned manner which the hon. Member Sir Frank Birley wants. With regard to administrative law, it is impossible to thicken it and strangulate it with all details so that nobody could understand it. Even if we do so, there may be numerous mistakes and they will have to be corrected. It is not possible to cover every measure that is passed in the Legislature with details. Power has to be given to the Government to frame rules. The essence is the difference between administrative laws and other laws. These rules will have to cover only administrative matters. Let me draw the attention of hon. Members who seem to think either deliberately or indeliberately that the Government have taken into their hands very wide powers, that they have taken no power to change or modify or alter any of the provisions accepted by the House. The only power that they have taken is to give effect to what has been accepted by the House. In these circumstances I do hope that Sir Frank Birley will withdraw his amendment."

* SIR FRANK BIRLEY:—"In view of the Hon. the Prime Minister's assurance I am willing to withdraw my amendment."

The amendment was, by leave, withdrawn.

Clause 32 was put and carried.

Clause 33.

MR. PRESIDENT:—"The hon. Member Mr. Saldanha will move his last amendment first."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Does the hon. Member really wish to move his last amendment?"

* SIR FRANK BIRLEY :—" I have not withdrawn my amendment to clause 33."

MR. PRESIDENT :—" Yes, yes, I know. Is the hon. Member Mr. Saldanha going to move his amendment or not? "

* MR. J. A. SALDANHA :—" I am going to move my amendment. I move—

> ' Add *the following to clause* 33 :—
>
> " *If it be found impracticable to levy taxes on licence-fees under sections* 4 *and* 6 *on the basis of the turn-over sales, the Provincial Government may, under rules to be made subject to the approval of both the Houses of the Legislature substitute the basis of quantity sold by calculating such quantity by weight, measure or number of articles sold* ".'

" Sir, the clause as it stands gives powers to the Government on such a large scale, without any control over the Government that I have narrowed down the scope of that clause. The clause as it stands says, ' if any difficulty arises ' and on that account they want to have large powers. What is the difficulty I am unable to understand. There may be some difficulties in carrying out the provisions of this Act. So if the clause as framed by the Government is allowed to stand, it is liable to be misinterpreted and very convenient constructions may be put upon it. Apart from this, I would now point out that after vesting themselves with sole powers under clause 32 for making rules, now the Government seek power under this clause to remove any difficulty. There might be legal difficulties and difficulties of other kinds. Even then this clause gives the Government power to make rules according to their discretion to remove those difficulties. I have pointed out already in the introductory speech of mine that difficulties might arise in estimating the value of the annual turnover. There are countries where the tax on tobacco is levied on the quantity of tobacco sold, according to the number of cigars sold or according to the measure or the weight of tobacco. The power can be exercised in order to find out with a certain amount of accuracy the price of the articles sold without putting the merchants to the necessity of keeping elaborate accounts. Otherwise, Sir, there will be a temptation for the merchants to make entries of prices for which the articles were not actually sold. I have sought to give power to the Government to make rules, subject to the consent of the House, to fix the tax on the basis of the quantity sold—either by measure, or by weight or by the number of articles sold. I would have spoken more at length on this amendment by quoting authorities for what I say, but it is already late. I commend the amendment to the House."

The amendment was duly seconded

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THE HON. SRI C. RAJAGOPALACHARIAR :—" Am I to understand that it is a typographical mistake. It is stated here in the amendment: ' to levy taxes on licence-fees '."

* MR. J. A. SALDANHA :—" It should be ' or licence-fees '."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I am sorry that this suggestion was not made earlier. Probably the Government might have easily accepted the provision. It is not possible to accept it at this stage. It would not work. In any event, it would be covered by clause 4 (3) as it stands. The Government have the power to make reasonable rules for determining the turnover. If this method is found reasonable it will be there. But it is not necessary to have a provision to that effect."

The amendment was put and lost.

* SIR FRANK BIRLEY :—" Mr. President, Sir, were it not for the fact that the points that I have to make on clause 33 are entirely different from those that I raised before on another amendment which I withdrew, I would not have risen to move this amendment. As it is I apologize to the House for moving it at this late hour. I only hope that I shall amuse the House sufficiently and thus compensate them for keeping them away from lunch. I beg to move, Sir—

' *Omit* clause 33 '.

" Mr. President, this is a clause with a history—or rather shall I say a murky and somewhat disreputable past?

" In 1934 it was slipped into a Bill to amend the Local Boards Act and the Elementary Education Act by an unregenerate Bureaucratic Government—of blessed memory—and no objection appears to have been made to it at that time.

" And after all why should anybody have taken the trouble to object to it when it was common knowledge that any objections would have been over-ruled by the preponderating Government majority? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" Was Sir Frank Birley in the Government or in the House at that time? "

SIR FRANK BIRLEY :—" I was in the House, Sir. The point I wish to make is this: You see, Sir, how history is repeating itself.

" In 1937 the Hon. Dr. Subbarayan moved its inclusion in another Bill further to amend the Local Boards Act. Incidentally it had not appeared in the original Bill and was put in as an amendment during the consideration stage in the Assembly.

" In moving the amendment the Hon. Dr. Subbarayan said :—

' In the various amendments which have been carried to the Local Boards Act, such power as is asked for in this clause has always been taken, because it is very difficult to legislate for every point that might arise in the application of a new amendment to an old Act. Honourable Members need not be afraid that this clause is going to be a roving clause and is going to be used on every occasion '.

" Sir William Wright in opposing the Hon. Dr. Subbarayan's amendment referred to the increasing habit of Governments, both here and elsewhere of taking power to administer an Act by executive action under rules and orders and referred to the Lord Chief Justice of England's condemnation of this in the 'The New Despotism ' where it is argued that an extension of the rule-making powers of Government is an extension of the power of the Executive at the expense of the Legislature and the Judiciary. The clause is a Star Chamber clause and the Legislature will be giving Government a blank cheque to extend the Bill as it thinks fit.

" The Hon. the Prime Minister intervening in this discussion made much of the fact that the European Group had not opposed the clause when the old Government introduced it in the 1934 Bill and he argued from this that they had no right to oppose it now when a popularly elected Government wanted to include it in a new Bill. My answer is: What is the use of opposing it? A Government with a prepondering majority will certainly carry it. You see Sir, how history is repeating itself.

"The Hon. the Prime Minister also referred to the fact that the Bill then under discussion was ' an amending Bill for a local administration affair modifying a mere administrative or departmental law. ' That was the excuse for having this most objectionable clause. I submit, Sir, that it is crystal clear from the speeches both of the Hon. the Prime Minister and the Hon. Dr. Subbarayan that the clause was only intended both by the pre-Reform Government and by the Congress Government to be used in amending Bills where there might be difficulty in adjusting the principles of the amending Bill to the details of the principal Act. I contend that categorical statements to that effect were made by the Government. Now, however, to our dismay it has been brought into original Bills despite all our protests and when the Tobacco Bill was in the consideration stage in the Assembly Mr. Langley moved for the omission of the clause. He also referred to the fact that the clause had originally been included by Government only in amending Bills and he called attention to the fundamental objections to its inclusion in a fiscal measure. He said with some force that the present Government were surely wrong to copy the bad habits of the old Bureaucratic Government and in fact Mr. Langley made it clear that the Hon. the Prime Minister's argument on the 1937 Bill was tantamount to the argument that two wrongs make a right.

" Replying to Mr. Langley the Hon. the Prime Minister said that clause 33 provides for particular executive acts which become necessary to remove a difficulty that is found in giving effect to the provisions of the Bill when it becomes an Act. Clause 33 does not take any power for the Government to make laws, regulations and rules and I submit, Sir, with all due deference to the Hon. the

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Prime Minister that this is a plain mis-statement of fact because the clause if passed into law will empower Government to do 'by order' anything which may be found necessary, etc. The *modus operandi* by which a Government does things 'by order' is by the issue of a Government Order or similar notification or by executive instructions to its administrative staff. This either directly or indirectly is 'power to Government to make laws, regulations and rules.'

"The Hon. the Prime Minister further said that it is a very narrow power that is given under clause 33 and it cannot be misused under any circumstances. He also said that no hon. Member was able to say that Government had used the power at all, let alone misused it, but this, Sir, is not the point. The fact that such power as is given by this clause exists is wrong in principle and the fact that Government have never found it necessary to use the power contained in other Acts has nothing to do with the case.

"The Hon. the Prime Minister also made a great point of the fact that Government had passed those Acts with the consent of the House and that the House was an elected House. Therefore it was perfectly proper to include *carte blanche* powers in a Bill.

"Pushed to its logical conclusion this would mean that because Government was responsible to the House and the House was responsible to the people the Tobacco Tax Bill could be reduced to a Preamble and one clause something like this:

'Whereas it is expedient that a tax should be imposed on tobacco, it is hereby enacted that Government may impose a tax on tobacco as it thinks fit.';

which is absurd.

"The Hon. the Prime Minister's concluding sentence is instructive. He said:

'This Government, on behalf of the people asks for this power from the representatives of the people. I maintain that clause 33 has every justification not only in this Bill but in every Bill that we may introduce hereafter.'

"Now, Sir, if there were any justification for assuming that the present Government under the present Prime Minister would continue to govern this Province in perpetuity there might be some justification for Hon. the Prime Minister and the present Government to take powers over which they had full control to make rules under the Acts for which they themselves are responsible and for which they have given undertakings which are binding on them as men of honour in spite of the actual wording of the clauses of the Acts.

"Unfortunately (or fortunately according to one's point of view) there is no such justification and I would ask the House to endeavour to envisage the kind of power which this clause in

the case of this Bill and other Bills in which it is included gives to the Government, not only the present Government but the Government of the future who may be imprudent or even vicious, but so long as they remain in power they will have the right to make rules and regulations and do anything which appears to them necessary for the purpose of removing any difficulties which they may find in the working of this Act.

" I suggest, Sir, that this is a clause which ought never to have been included in any Act and generations to come will bless this House if here and now they lay it down as a general principle that such arbitrary powers will not be given to any Government by the members of this House.

" Sir, I beg to move that ' Clause 33 of the Bill be omitted '."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I second it."

-30 .m. * MR. J. A. SALDANHA:—" Sir, in supporting the amendment I may refer to the old controversy that took place about ten or twelve years ago in the old Legislative Council. The question that arose then was the giving of unrestricted powers to the Government. At that time the Justice Party thought perhaps that it would be perpetually in power. They were good in their own way. Like the present Ministry, they had a large majority. The Congress was in a minority then and we were defeated over this point. The power of the Justice Party came to an end and history repeats itself now. Simply because the Congress Party has come into power by a majority like the old Justice Party, they want to have this power and to carry on the administration without coming to the Legislature. These things should be under the control of the Legislature. In support of the amendment of my hon. Friend, Sir Frank Birley, I strongly urge that this clause should be expunged from this Bill."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, it is quite true that this clause or rather this principle of including a difficulty clause in Bills has been the subject-matter of very interesting literature and keen controversy between two schools of thought; each school considers its views absolutely correct and does not mind calling forth very strong arguments against the other side. In fact I do not think anything short of the Star Chamber or the inquisition procedure was considered equivalent to this difficulty clause by those who thought that it should disappear from legislative measures. Since the Lord Chief Justice referred to by Sir Frank Birley went into this matter and wrote a book on the subject, subsequent history of thought in this subject has shown that matters have settled down rather in favour of the difficulty

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clause than against the difficulty clause. It may be the world is going wrong since the 19th century. We are living in that world which is gone wrong since the 19th century and the trend of opinion and thought in respect of this difficulty clause is somewhat like this. It is true that it looks very strong; but it is very necessary and we had better tolerate it. This is the sum and substance of present-day opinion in regard to this matter. It is quite true that in India we may do some things very much more perfectly—if I may use this grammatical construction—than other countries have been able to do in other parts of the world. It is possible that, to us, advice may be given which is not accepted for instance in the British Parliament or in European countries. But all the same we have to examine the matter. There is nothing to prevent us making a perfect Bill, if it were possible. I submit, Sir, that, in dealing with the administrative laws, it is quite impossible to escape difficulties and to give up a provision like this. Since Lord Hewart wrote the book, opinion has changed in respect of this matter. I think they have come to the conclusion that such powers must be taken and there is nothing illegitimate in it. . ."

SIR FRANK BIRLEY:—"Due to the influence of Signor Mussolini and Herr Hitler."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"Can we escape that influence altogether? As I have said, the world has gone bad since the 19th century but since we are living in that world, we must do justice to our environment. We had to levy a tax not on one man or two or on land which does not change, but on business which changes from year to year, from month to month and from hour to hour. We have to deal with and tax people who write accounts, who do not write accounts, who write two accounts and four accounts and who produce one set of accounts and do not produce another set of accounts. We are dealing with such people and we have to get a little bit of revenue out of them. We may be faced with difficulties. It may not be possible for gentlemen of great ability, skill, shrewdness and capacity to do correctly things which are involved. When there is opposition to the action of the Government and when the Opposition is ranged against the Government in this matter, difficulties are bound to arise and the Government will have to arm themselves with powers to overcome such difficulties. This is therefore, Sir, a necessary provision and in answer to that 19th century liberal thought in the matter, let me refer to our own Bible, the Government of India Act. The Government of India Act has provided a section, section 310; for removing difficulties, they have solemnly taken power in this very manner. For what? For one measure, for the whole of the Government of India Act for this great country, they have taken power to remove difficulties by Orders-in-Council. . ."

SIR FRANK BIRLEY :—" Two wrongs do not make a right."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Two wrongs may not make a right. What is wrong when done by one, I claim, may be right when done by another. For instance, it is wrong for Sir Frank Birley to manage my house. It is my right and claim to manage my house. It will be wrong for Sir Frank Birley to make rules for the management of our house and to take power to change those rules. It would be right for me to take powers from my sons to change the rules that I have made in the first instance. Therefore, two wrongs—two apparent wrongs—may sometimes be right. An act done by one may be wrong, because of the person or the institution that does it. A subsequent act which may be the same, is really different because it is done by a different person, by a different institution, by a differently constituted institution. Two wrongs may therefore make a right in the latter part of this century because it all depends on what is really done and who does it. Big maxims do not prove anything. I beg to submit that this difficulty clause is very necessary; we are in good company when providing for such a clause. I am glad, however, that such a vigorous protest and such a good speech was drawn out on account of this proposal. It is trne that I made in the other House the statement referred to by Sir Frank Birley, in answer to what Mr. Langley said over this difficulty clause. It is true that I was convinced of the importance and absolute necessity of having a difficulty clause like this. I put the argument rather strongly in answer to Mr. Langley, that we are likely to have such a clause not only in this measure but in every succeeding measure. In view of the much more reasonable attitude taken by Sir Frank Birley, we shall take this power only when necessary and not in every measure that is passed."

The amendment was put and lost.

Clause 33 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

The House then adjourned to meet again at 11 a.m. the next day.

APPENDIX I.

[Vide answer to starred question No. 278 asked by Sri Rao Bahadur N. R. Samiappa Mudaliyar at the meeting of the Legislative Council held on the 15th May 1939, page 234 supra.]

List of Presidents of Panchayat Boards removed from office and re-elected.

Name of the local board, taluk and district.	Name of president.	Date of removal.	Reason for removal.	Date of his re-election.
(1)	(2)	(3)	(4)	(5)
Sozhanur, Gudiyattam, North Arcot.	Sri S. K. Ramaswami Mudaliyar.	18th October 1935.	Misappropriation of panchayat funds.	16th January 1936.
Kadambai, Wandiwash, North Arcot.	Sri Periyathambi Gounder.	24th December 1935.	(i) Failure to conduct meetings. (ii) Failure to maintain vouchers. (iii) Failure to produce cash balance to District Panchayat Officer. (iv) Short payments to teachers. (v) Appointment of teachers on recommendation of his son who was alleged to be bribed.	9th January 1936.
Asanallikuppam, Arkonam, North Arcot.	Sri P. Velu Mudaliyar.	19th July 1937.	(i) Failure to convene meetings. (ii) Notice of meetings not served to all members. (iii) Failure to produce cash balance. (iv) Failure to maintain vouchers.	7th August 1937.
Govindavadi, Conjeeveram, Chingleput.	Sri M. Egappa Naicker.	17th September 1935.	(i) Neglect of administration. (ii) Failure to convene meetings. (iii) Failure to deposit panchayat funds in savings bank.	16th November 1935.
Kovilur, Dindigul, Madura.	Sri C. Subbarayulu Nayudu.	8th September 1937.	Wilfully neglected to deposit panchayat funds into the savings bank.	8th July 1938.
Pethunaickenpalayam, Attur, Salem.	Sri A. Palanimuthu Gounder.	25th August 1938.	(i) Not exercising proper control over the subordinates. (ii) Bad collection work.	19th September 1938, but subsequently resigned.

Name of the local board, taluk and district. (1)	Name of President. (2)	Date of removal. (3)	Reason for removal. (4)	Date of his re-election. (5)
Velur, Namakkal, Salem.	Sri Kandaswami Gounder.	11th October 1938.	(i) Meetings not conducted regularly. (ii) Bad collection work. (iii) Misappropriation.	17th November 1938 but subsequently resigned.
Vadakarai-athur, Namakkal, Salem.	Sri Muthuswami Gounder.	13th August 1937.	(i) Failed to deposit panchayat funds in the savings bank to the extent of Rs. 600. (ii) Failed to convene meetings for two years. (iii) Failed to pay arrears of salary due to teacher.	22nd October 1937.
Tirupuvanam, Mudukulattur, Ramnad.	Sri N. P. Vyravan Servai.	11th July 1938.	Flagrantly abused the powers vested in him and failed to discharge his duties properly.	September 1938. Date not known.
Ambasamudram, Ambasamudram, Tinnevelly.	Sri R. Velayudham Mudaliyar.	19th February 1936.	Flagrantly abused the powers vested in him and failed to discharge his duties properly.	4th March 1936.
Velanganni, Negapatam, Tanjore.	Sri Kailasa Thevar.	11th June 1936.	(i) Failure to convene meetings. (ii) Failure to maintain accounts. (iii) Failure to lodge panchayat funds in savings bank.	17th August 1937.
Samalkota, East Godavari district.	Sri G. H. Padmaraju.	3rd January 1938.	For gross abuse of powers vested in him as a president.	26th January 1938.
Tadimallur, Kovvur, West Godavari.	Sri Tadimallu Sarraju.	17th August 1938.	For lending panchayat funds unauthorizedly and for abusing the powers vested in him.	2nd September 1938.
Thummalapenta, Kavali, Nellore.	Sri Ala Hari Venkatanarasimham.	30th October 1937.	For gross abuse of powers vested in him.	5th August 1938.
Jegurpadu, Rajahmundry.	Sri Ganapathi Sarvarayudu.	4th June 1938.	For failure to produce cash balance of Rs. 2,153–1–6 on 21st December 1937 and Rs. 2,563–3–6 on 28th April 1938.	24th June 1938.

APPENDIX II.

[Vide answer to starred question No. 279 asked by Sri B. Bheema Rao at the meeting of the Legislative Council held on the 15th May 1939, page 235 supra.]

Statement showing the figures of Provincial Revenues for the years 1933–34 to 1937–38 for the six districts of Bellary, South Kanara, Anantapur, Cuddapah, Kurnool and Chittoor.

Revenue heads.	Bellary.					South Kanara.					Anantapur.				
	1933–34.	1934–35.	1935–36.	1936–37.	1937–38.	1933–34.	1934–35.	1935–36.	1936–37.	1937–38.	1933–34.	1934–35.	1935–36.	1936–37.	1937–38.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.
Land Revenue	19·05	13·21	22·12	16·45	10·08	23·76	23·60	25·98	24·70	26·43	18·58	8·26	12·87	13·96	10·40
Provincial Excise	12·74	12·17	12·04	12·82	13·01	11·08	11·03	10·39	10·34	10·25	12·96	12·14	11·20	11·41	12·40
Stamps	3·11	3·03	2·83	3·06	2·81	6·87	6·68	6·16	6·00	5·56	2·92	2·83	2·53	2·54	2·39
Forest	·15	·15	·15	·13	·12	—·01	—·01	..	..	..	·12	·07	·08	·12	·08
Registration	·41	·49	·41	·48	·40	·97	·98	·90	·86	·90	·34	·38	·32	·37	·38
Receipts under Motor Vehicles Acts ..	..	..	..	..	·91	..	..	..	..	1·97	..	..	..	..	·78
Other Taxes and Duties	..	..	..	..	·03	..	..	..	..	·03	..	..	..	..	·04
Irrigation, etc. (for which capital accounts are kept).	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Irrigation, etc. (for which no capital accounts are kept).	..	·01	·01	..	·06	..	..	..	..	..	·03	·03	·01	·04	·02
Interest	·57	·40	·30	·36	·33	·09	·08	·05	·04	·08	·46	·29	·32	·60	·47
Administration of Justice	·27	·25	·23	·26	·24	·36	·20	·30	43	·30	·19	·22	·21	·21	·29
Jails and convict settlements	·04	·05	·04	·05	·05	·01	·01	·01	·01	·01	·01	·01	..	..	·01
Police	·02	·02	·02	·03	·02	·01	·02	·01	·02	·03	·02	·02	·01	·02	·12
Education	·05	·06	·05	·05	·04	·33	·37	·33	·30	·29	·37	·31	·27	·26	·30
Medical	·08	·13	·09	·12	·11	·06	·05	·05	·05	·05	·06	·06	·05	·05	·06
Public Health	·03	·05	·08	·11	·07	·03	·02	·03	·03	·03	·01	·03	·02	·03	·05
Agriculture	..	..	..	..	·06	..	..	..	..	·06	..	..	..	..	·02
	·08	·12	·11	·13	..	·09	·11	·12	·16	..	·06	·15	·15	·15	·01
Veterinary	..	..	..	..	·08	..	..	..	..	·09	..	..	..	..	·13
Co-operation	·07	·09	·05	·11	·06	·87	·88	1·09	·56	·64	·01	·01	..	·01	·01
Industries	..	..	..	..	·01	..	..	..	..	..	..	..	..	..	..
Broadcasting	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Miscellaneous Departments	·75	·93	·90	1·04	·15	1·61	1·78	1·96	2·16	·21	·56	·57	·60	·71	·11
Civil Works	·13	·14	·15	·20	·18	·04	·04	·03	·07	·14	·11	·14	·13	·14	·12
Receipts in aid of Superannuation ..	·04	·04	·03	·05	·04	·02	·01	·02	·01	·02	·11	·07	·08	·07	·05
Stationery and Printing	·08	·03	·04	·08	·03	·04	·06	·04	·08	·05	·05	·06	·05	·04	·03
Miscellaneous	·26	·20	·22	·18	·21	1·54	1·68	·66	·84	·99	·12	·14	·11	·12	·13

Revenue heads.	Cuddapah. 1933–34. (17)	1934–35. (18)	1935–36. (19)	1936–37. (20)	1937–38. (21)	Kurnool. 1933–34. (22)	1934–35. (23)	1935–36. (24)	1936–37. (25)	1937–38. (26)	Chittoor. 1933–34. (27)	1934–35. (28)	1935–36. (29)	1936–37. (30)	1937–38. (31)
	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.
Land Revenue	15·80	13·67	15·33	16·18	16·19	19·38	19·54	20·24	10·46	18·10	10·13	9·28	12·18	11·27	11·76
Provincial Excise	6·32	5·75	6·05	6·46	6·87	14·99	13·48	13·16	14·23	14·96	9·41	8·91	8·18	8·33	9·00
Stamps	2·50	2·57	2·38	2·31	2·18	3·57	3·77	3·45	3·61	3·21	3·68	3·64	3·30	3·34	3·30
Forest	·07	·06	·07	·07	·09	·07	·07	·02	·02	·03	·11	·10	·09	·10	·09
Registration	·36	·35	·35	·37	·37	·52	·52	·50	·57	·56	·53	·53	·50	·55	·61
Receipts under Motor Vehicles Acts ..	..	..	..	..	·70	..	..	..	..	·87	..	..	..	..	1·08
Other taxes and duties	..	..	..	..	·03	..	..	..	..	·03	..	..	..	..	·04
Irrigation, etc. (for which capital accounts are kept).	..	..	..	..	..	·01	·01	·01	·01	·01	..	..	..	..	..
Irrigation, etc. (for which no capital accounts are kept).	·01	·02	·01	·01	·01	04	·01	·03	02	·02	..	·01	·01	·01	·01
Interest	·19	·17	·15	·19	·16	·40	·25	·29	·29	·20	·55	·49	·40	·44	·46
Administration of Justice	·32	·28	·32	·28	·30	·32	·33	·28	·31	·33	·26	·27	·23	·22	·30
Jails and Convict Settlements	..	..	..	..	..	..	..	..	..	·01	..	..	..	..	·01
Police	·02	·01	·01	·01	·01	·01	·02	·02	·03	·05	·01	·02	·02	·02	·02
Education	·03	·03	·02	·02	·01	·09	·11	·09	·07	·06	·04	·03	·06	·08	·02
Medical	·05	·05	·06	·07	·04	·12	·15	·13	·10	·12	·07	·06	·05	·05	·05
Public Health	·03	·02	·03	·03	·03	·01	·02	·03	·03	·03	·01	..	·01	·01	·01
Agriculture	..	..	..	..	·02	..	..	..	..	·04	..	..	..	..	·02
Veterinary	·05	·06	·06	·08	..	·06	·06	·08	·06	..	·05	·08	·09	·11	..
Co-operation	..	..	..	..	·07	..	..	..	..	·05	..	..	..	..	·11
Industries	·03	·03	·02	·01	·02	·02	·03	·03	·03	·03	·01	..	..	·01	·02
Broadcasting	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Miscellaneous Departments	·44	·46	·52	·71	·10	·66	·61	·68	·89	·17	·61	·70	·75	1·01	·18
Civil Works	·08	·16	·08	·13	·07	·08	·09	·10	·09	·09	·08	·07	·07	·07	·08
Receipts in aid of Superannuation ..	·05	·04	·03	·03	·02	·03	·03	·02	·02	·02	·04	·05	·04	·03	·05
Stationery and Printing	·04	·04	·05	·03	·04	·05	·09	·06	·04	·05	·03	·02	·03	·03	·05
Miscellaneous	·08	·09	·09	·11	·09	·21	·18	·27	·19	·17	·12	·15	·13	·17	·16

Expenditure heads.	Bellary.					South Kanara.					Anantapur.				
	1933–34.	1934–35.	1935–36.	1936–37.	1937–38.	1933–34.	1934–35.	1935–36.	1936–37.	1937–38.	1933–34.	1934–35.	1935–36.	1936–37.	1937–38.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.	RS. LAKHS.
Land Revenue	·06	·07	·12	·15	·20	2·65	2·19	·80	·11	·94	·06	·07	·07	·09	·20
Provincial Excise	1·02	·93	·91	·95	1·06	1·28	1·25	1·22	1·23	1·30	·84	·86	·81	·82	·84
Stamps	·06	·06	·06	·07	·05	·12	·12	·11	·10	·09	·06	·06	·05	·06	·05
Forest	..	·01	·01	·01	·03	..	..	..	..	..	..	·02	·01	·01	·02
Registration	·46	·47	·46	·47	·48	·79	·81	·86	·86	·83	·31	·31	·31	·32	·34
Charges of Motor Vehicles Acts	..	..	..	..	·65	..	..	..	..	·61	..	..	..	..	·62
Irrigation—Other revenue expenditure financed from ordinary revenues.	·55	·45	·37	·23	·50	..	..	..	..	..	·66	·87	·57	·56	·64
Interest on debt and other *obligations*.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
General Administration	7·90	7·98	7·97	8·52	8·35	6·88	6·84	7·16	7·32	7·05	7·36	7·43	7·50	7·75	7·76
Administration of Justice	1·51	1·60	1·47	1 70	1·74	2·54	2·45	2·54	2·54	2·56	1·59	1·57	1·60	1·54	1·59
Jails and Convict Settlements	1·50	1·52	1·61	1·57	1·57	·13	·10	·13	·13	·12	·08	·08	·11	·08	·08
Police	4·37	4·43	4·49	4·58	4·68	2·69	2·70	2·67	2·77	2·79	4·44	4·48	4·79	4·84	4·97
Education	4·73	4·54	4·66	4·75	4·78	8·78	8·73	8·94	9·78	9·79	5·55	5·48	5·61	5·62	5·58
Medical	1·15	1·15	1·25	1·24	1·21	1·45	1·61	1·66	1·75	1·70	·80	·86	·96	·85	·89
Public Health	·46	·57	·54	·66	1·40	·29	·30	·31	·28	·20	·30	·31	·33	·34	·27
Agriculture .. .. .. }	..	..	..	..	·89	.	..	..	..	·49	..	..	..	..	·15
Veterinary .. .. .. }	1·20	1·25	1·56	1·40	·28	·82	·87	·90	·96	·16	·50	·58	·63	·69	·18
Co-operation .. .. .. }	..	..	..	..	·28	..	..	..	..	·42	..	..	..	..	·47
Industries	·29	·20	·27	·28	·35	·52	·53	·50	·52	·57	·02	·02	·01	·01	·01
Miscellaneous Departments	1·19	1·27	1·18	1·07	·50	·93	·94	1·04	1·11	·53	·97	·93	·97	·55	·33
Civil Works	2·21	2·76	2·75	3·32	3·19	2.22	2·51	2·61	3·04	2·75	2·40	3·19	2·99	2·52	2·81
Famine	·01	·09	·60	..	·42	..	..	..	..	..	..	·14	2·17	..	·04
Superannuation Allowances and Pensions.	·85	·87	·92	·93	·97	2·27	2·43	2·49	2·58	2·60	·81	·81	·82	·86	·89
Commutation of Pensions	·08	·08	·08	·25	·13	·12	·86	·10	·32	·16	..	·01	..	·08	·01
Stationery and Printing	..	·02	·02	·05	·06	·01	·01	·04	·05	·05	·01	02	·04	·04	·02
Miscellaneous	·01	·01	·02	·01	·01	·18	·02	·02	·01	·02	·02	·02	·03	·02	·03

Expenditure heads.	Cuddapah. 1933–34. (17) RS. LAKHS.	Cuddapah. 1934–35. (18) RS. LAKHS.	Cuddapah. 1935–36. (19) RS. LAKHS.	Cuddapah. 1936–37. (20) RS. LAKHS.	Cuddapah. 1937–38. (21) RS. LAKHS.	Kurnool. 933–34. (22) RS. LAKHS.	Kurnool. 1934–35. (23) RS. LAKHS.	Kurnool. 1935–36. (24) RS. LAKHS.	Kurnool. 1936–37. (25) RS. LAKHS.	Kurnool. 1937–38. (26) RS. LAKHS.	Chittoor. 1933–34. (27) RS. LAKHS.	Chittoor. 1934–35. (28) RS. LAKHS.	Chittoor. 1935–36. (29) RS. LAKHS.	Chittoor. 1936–37. (30) RS. LAKHS.	Chittoor. 1937–38. (31) RS. LAKHS.
Land Revenue	·10	·11	·79	1·27	1·25	·09	·63	·56	·30	·27	·16	·16	·19	·17	·79
Provincial Excise	·59	·62	·65	·67	·78	1·43	1·37	1·26	1·38	1·57	·70	·67	·69	·76	·75
Stamps	·06	·05	·05	·05	·05	·09	·08	·08	·09	·08	·08	·08	·08	·08	·08
Forest	..	..	·01	·01	·01	..	·01	..	..	..	..	·01	·01	·01	·02
Registration	·33	·32	·33	·34	·35	·53	·53	·57	·55	·55	·63	·65	·61	·65	·66
Charges of Motor Vehicles Acts	..	..	..	..	·75	..	..	..	..	1·01	..	..	..	..	·63
Irrigation—Other revenue expenditure financed from ordinary revenues.	·86	1·00	·92	·82	·64	·26	·19	·33	·39	·31	·95	·78	·62	79	·94
Interest on debt and other obligations	..	..	..	..	..	..	..	..	..	·01	..	..	..	..	·01
General Administration	8·12	8·11	8·08	8·27	8 22	9·11	9·28	9·19	9·27	9·53	6·93	6·97	6·93	7·24	7·25
Administration of Justice	1·72	1·77	1·84	1·65	1·68	1·51	1·70	1·62	1·70	1·50	1·65	1·73	1·93	1·75	1·71
Jails and Convict Settlements	·11	·13	·13	·09	·09	·08	·13	·14	·12	·13	·08	·10	·11	·10	·09
Police	4·00	3·98	4·26	4·07	4·09	4·78	4·79	4·85	4·90	5·15	4·28	4·31	4·42	4·01	4·57
Education	4·04	4·15	4·48	4·56	4·50	5·52	5·51	5·52	5·71	5·69	5·26	5·54	5·76	5·82	5·68
Medical	·89	·88	1·02	1·01	·98	·86	·01	·94	1·01	1·03	1·18	1·17	1·11	1·13	1·19
Public Health	·28	·31	·31	·28	·23	·30	·26	·29	·28	·26	·28	·39	·37	·45	·49
Agriculture	..	..	..	..	·27	..	..	..	..	·49	..	..	..	..	·23
Veterinary	·45	·55	·52	·72	·16	·74	·80	·92	·90	·25	·57	·60	·60	·65	·25
Co-operation	..	..	..	..	·33	..	..	..	..	·23	..	..	..	..	·25
Industries	·12	·11	·09	·08	10	·10	·10	·10	·08	·07	·06	·06	·06	·07	·07
Miscellaneous Departments	·51	·65	·75	·82	·00	·92	89	1·11	1·25	·27	·49	·56	·62	·76	·11
Civil Works	1·74	1·74	2·31	1·87	1·32	3·23	3·24	2·90	3·70	3·16	2·39	2·34	2·19	2·44	2·12
Famine	..	·04	..	..	..	..	..	..	..	..	..	..	..	..	..
Superannuation Allowances and Pensions.	·70	·73	·86	·79	·84	·83	·85	·91	1·00	·90	1·05	1·05	1·08	1·10	1·21
Commutation of Pensions	..	·14	·12	·02	·03	..	..	..	·03	·04	..	·08	..	·05	·01
Stationery and Printing	·01	·01	·03	·01	·01	·01	·01	·01	·03	·02	·01	·01	·04	·01	·02
Miscellaneous	·01	..	·01	..	·01	·01	·01	·01	·01	·01	..	·01	·01	..	·01

15th May 1939]

APPENDIX III.

[Vide answer to starred question No. 287 asked by Mr. J. A. Saldanha at the meeting of the Legislative Council held on the 15th May 1939, page 240 supra.]

Statement showing the existing legislative provisions relating to beggars.

(1) Provisions for giving relief to beggars in public places—

(*a*) Madras City Municipal Act—Schedule V—Part I—Rule 4—

4. The objects of expenditure connected with the public convenience, amenities and education include—

* * * *

(*p*) the provision and maintenance of rest-houses, choultries, alms houses, poor-houses, pounds and other works of public utility;

(*b*) Madras District Municipalities Act—Schedule IV—Part II—Rule 40—

40. The objects of expenditure connected with the public convenience, education and amenities include—

* * * *

(*g*) the construction and maintenance of rest-houses, choultries, poor-houses, pounds and other works of public utility;

(*c*) Madras Local Boards Act—Schedule V—Rule 1-A (1) (*b*) and rule 1-B (1) (*c*)—

1-A (1) A panchayat shall have power to make such provision as it thinks fit for carrying out the requirements of the village in respect of the following matters, namely:—

* * * *

(*b*) the establishment and maintenance of choultries within the limits of the village other than those classified as district (. . . .) choultries;

1-B (1). A district board shall have power to make such provision as it thinks fit for carrying out the requirements of the district in respect of the following matters, namely:—

* * * *

(*c*) the establishment and maintenance of choultries in the district classified as district choultries;

(2) Provisions for controlling the nuisance caused by beggars in public places—

(*a*) Madras City Police Act, 1888—Section 71—XXI—

"Whoever, in any public street, road, thoroughfare or place of public resort, commits any of the following offences, shall be liable on conviction to fine not exceeding fifty rupees, or to imprisonment which may extend to one month:—

*   *   *   *

xxi. Whoever begs or applies for alms, or exposes or exhibits any sores, wounds, bodily ailments or deformity with the object of exciting charity or of extorting alms."

(*b*) The Towns Nuisances Act, 1889—Section 3 (8)—

"Whoever, in any public street, road, thoroughfare or place of public resort, commits any of the following offences shall be liable on conviction to fine not exceeding fifty rupees or to imprisonment of either description not exceeding eight days:—

*   *   *   *

(8) Whoever, so as to cause annoyance, begs or applies for alms or exposes or exhibits any sores, wounds, bodily ailments or deformity with the object of exciting charity or of extorting alms."

THE MADRAS LEGISLATIVE COUNCIL

Tuesday, 16th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

I.—MOTION UNDER RULE 17 OF THE LEGISLATIVE COUNCIL RULES.

* THE HON. DR. T. S. S. RAJAN :—" Sir, I beg leave of the House to move—

> '*that rule 17 of the Madras Legislative Council Rules be suspended and the House do resolve to transact Government business on Wednesday, the 17th May* 1939.' "

SRI B. NARAYANASWAMI NAYUDU :—" Mr. President, may I know the reason for . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I just wish to add, Sir, for the information of the members, that we have agreed to put down a Bill, a non-official Bill, that was passed in the other House, for to-day, and facilities will be given for its consideration, in spite of Wednesday being taken up in the manner proposed now. It will come very probably at the end of the day to-day, and it may even continue to-morrow if necessary, so that the Bill may be finished, especially as otherwise members may feel that the session is being prolonged and there may not be much delay caused by taking up that measure."

* MR. J. A. SALDANHA :—" Mr. President, I beg strongly to protest against this motion for converting a non-official day into an official day. We get non-official days once perhaps in six months, and we expected, some of us here, that we could catch this Wednesday as a non-official day. I myself personally and some other members have sent in a number of Bills and resolutions; I have sent in a Bill which was once withdrawn on the assurance given by the Hon. Minister for Courts and Prisons that Government would bring in the necessary legislation themselves; but as I saw that I was being quietly sat upon, and they have not decided anything about it, I sent in this Bill and I expected this Wednesday would be available for my taking it up and also moving some of

the resolutions given notice of by others. In general, I must remark that no reasons have been given—at least I did not hear any —as to why this Wednesday should be lost to us as a non-official day. Sir, non-official day is a valuable and precious thing for members of the Legislature, especially on the Opposition, as it is only then that they can bring in whatever resolutions they want to. I do not think that for the past about two years, we have had even four non-official days. Again, whatever non-official day we had, we had it then only for two hours and not five hours, on account of the fact that the other House also was sitting on those days. As a matter of fact, I do not think we have had even six hours during the last two years for transacting non-official business. It is therefore but just that we should have to-morrow for considering our resolutions and Bills. I think after all there are not many motions, and they can be disposed of in a couple of hours.

"The importance of non-official day has not been properly realized and appreciated by the Hon. the Leader of the House. My recollection of my eight years of tenure as a Member of the old Council is that we had many non-official days allotted during the time of the Justice and National Governments against which we had to struggle so much. They readily gave non-official days once at least every three months, and a day of full five hours, with the result that I had to my credit three Bills, while a number of Bills were not reached or did not reach maturity. But with the coming into power of the Congress Party, more and more niggardly treatment is given to the Opposition by curtailing their privileges for non-official days; it is very unfair and unjust, and I must therefore solemnly protest against this motion. Of course it may be that this is not the season for bringing in legislation. As a matter of fact, the Government have brought forward all these Bills, as urgent Bills; 'where is the absolute urgency for them?' I ask. They can be very well delayed for a month or two. We have all come here at great trouble and inconvenience for this session. If we can meet for official work for so many days, surely we can also gladly meet, and we ought to gladly meet, for non-official work for a couple of hours to-morrow. There is nothing absolutely to prove that the hot season cannot be used for bringing in fresh legislation. The Government have decided not to have an exodus to Ootacamund, and in spite of great inconvenience and heat here and other trouble, official work is being done now. Why not non-official work also be done, I ask. Whatever non-official legislation is taken up, in some way or other it is official work. I have also heard privately that the Secretaries to Government are grumbling that they have still to be here. They are all highly-paid officials; they can very well drop out the idea of going to Ootacamund, and work here with the majority of the people who are sweating on the plains and suffering so many inconveniences."

MR. PRESIDENT :—"The hon. Member is not justified in referring to the Secretaries."

16th May 1939]

* MR. J. A. SALDANHA :—" I do not stress this point more. Apart from convenience or inconvenience, we are thankful that the Cabinet Members are staying here and have not gone to the hills, though they are nowadays going round and round. (Laughter.) What I urge is that because some Government officials have to go to the hills, or because this is not supposed to be a good season for legislation, we should not be denied the non-official day. The season question has been knocked out; every season is quite fit for taking up legislation, official or non-official. We are representing here the people of the Province and, as such, I plead with the Hon. Leader of the House and the Hon. the Prime Minister to give us a few hours to-morrow. They can very well allot the morning hours for this purpose, and, Mr. President, you may set the afternoon down for official work, if necessary. We can easily have official work in the afternoon between 3 and 5 p.m. We shall be glad to meet in this hall to-morrow afternoon, as there is good breeze here and the hall is cool. So, we can sit for both official and non-official work to-morrow. I therefore request that the Hon. the Leader of the House will withdraw his motion."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" Mr. President, the Hon. the Leader of the House in moving the resolution, did not give any reason why he wanted to appropriate this Wednesday also for official business. I believe he wants to change the rule in order to take up the Sales Tax Bill to-morrow. I do not wish to say much with regard to that now; if he wants to take up the Sales Tax Bill to-morrow, certainly the rules have to be suspended. When he moves that proposition to-morrow, I will have my say then on this point. I do not see any reason why the Government should rush through the Bills like this, even by asking for a suspension of the Council Rules.

" With regard to the question of allotment of non-official days, my hon. Friend Mr. Saldanha has spoken about the feeling of the Opposition, and I hope that at least next time the Government will not curtail the non-official days—since it is late now for fixing up non-official work for to-morrow—and give proper opportunities to non-official members. Even if non-official work is to be transacted to-morrow, I think resolutions have got to be balloted. That is why I said ' next time.' On behalf of the Opposition, I am thankful to the Hon. the Prime Minister for having agreed to take up one private Bill on an official day. That does not however mean that they should take away a non-official day. It is simply a question of accommodating the Opposition by allowing that private Bill to be taken up on an official day. Even there, I think they need not grudge to allow other motions regarding Bills and resolutions being taken up in the Council, and defeated, as usual. I hope, Sir, that these points will be borne in mind when the next session begins.

" With regard to the Sales Tax Bill, I now suggest to the Hon. the Leader of the House . . ."

MR. PRESIDENT :—" That is not before the House now."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" If we keep quiet now, then the Hon. the Leader of the House will say to-morrow that we have acquiesced in his moving the motion to-day; and that is why I am giving notice to you, Sir, and to the Leader of the House about it.

" I am opposing this motion."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I was not quite able, Sir, to follow Mr. Saldanha's various propositions. I quite agree with him that we should be ready to work in the hot season; I quite agree with him that we should sit longer hours, if necessary, during the summer; and I am also quite prepared to co-operate with the rest and carry on if the House is so minded.

" As regards the exodus, and all that, of the Secretariat, that has nothing to do with this. It is not they who are asking us to do one thing or to do another thing in respect of our sitting here. They are here because we are here, and as soon as we finish, those of them who are permitted specially to go to the hills, will go. This has nothing to do with that.

15 0. " With regard to non-official business, I submit that we have acted very fairly in that we have recognized that advanced non-official business should have a right to get its chance in this House. The only non-official business that has progressed to a substantial extent and which has to be passed through this House, has been given a place even during the official day, namely, to-day, so that it may have the fullest advantage both to-day and even to-morrow if necessary for its being finished. As regards curtailment to which reference was made by the hon. Member, I beg to submit that if we do not give room for non-official business to-day and if it is to be taken up to-morrow in the normal course, it would have taken the whole of to-morrow that was available and normally speaking other business would have little chance. There is no real curtailment in that we give an opportunity for getting through it even to-day and if need be, to-morrow also. There is no curtailment such as Mr. Saldanha complained about.

" As regards the precedence which the Government business takes over non-official business, it is in the nature of things, because the whole House is supposed to work through the Government and the Government, namely the majority, have administrative and other difficulties to get through and it cannot wait. Therefore, it is that in all democratic organizations, Government business has precedence over non-official business. It is not as if there is any oppostion between the two. Such business in which private members or minorities are interested will have its chance in proportion to the position it occupies with respect to the quality of the House as composed each time. Therefore, non-official business should wait and there is nothing wrong in it.

16th May 1939] [Sri C. Rajagopalachariar]

" As regards the question of mere introduction of Bills, I have no objection for a few minutes being given for such business if hon. Members think that any advantage would be gained by such a process. I may say it once for all that I have no objection. I do hope that Mr. Saldanha will agree that in case a Bill had already been before the House and had been rejected by it, the introduction would not be a formal or technical matter and it cannot be introduced like that."

* MR. J. A. SALDANHA :—" As a matter of personal explanation, Sir, I wish to submit that when I asked for the leave of the House to introduce my Bill, the Hon. the Minister for Courts and Prisons assured me that the Government were going to bring in legislation themselves to place all communities on the same footing, and asked me to withdraw the Bill. The Bill was not rejected by the House at the time. I have brought a new Bill on that subject and I am asking for leave to introduce it. It is partly a new Bill and partly the old Bill. It is after all a question of only a few minutes and I shall be very thankful if I am permitted to move it. I shall ask for leave for introduction and after that it will be printed. Otherwise, there will be unnecessary delay which could be avoided. As an alternative, I would suggest that the non-official business may be transacted in the morning and we are quite prepared for the Government business being transacted in the afternoon on the basis that we transact business for five hours each day as we used to do in the old Council."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" May I with your permission tell the hon. Member that the Succession Act is an all-India Act and the question of placing it on an uniform basis is under the consideration of the Government of India. The question is yet pending.

" As regards the particular measure that Mr. Saldanha wants to bring in, it would have been easier for the Government to come to a decision if he had given a copy of it to us. I am not in a position to know anything about the Bill that he proposes to introduce. If he gives me a copy of the Bill even to-day, it would be possible for the Government to decide in the course of to-morrow, or the day after or after that whether we might be able to allow it to be introduced without any discussion. I should like to see what the Bill is."

MR. J. A. SALDANHA :—I shall send it, Sir."

* THE HON. DR. T. S. S. RAJAN :—" I have nothing more to add to what has been said by the Hon. the Premier. I personally hold the view that the whole House is interested in all the business that is conducted in the House. The Opposition has got as much duty as the Treasury Bench to perform in the matter of carrying out any legislative measure. I cannot understand how the function of the House could be divided as between the Treasury Bench and the Opposition. No doubt particular measures

are discussed and voted upon; but after the measure is voted upon it becomes the entire decision of the Legislature and the House as a whole is responsible for it. The point is that the Opposition through their criticisms helps the Government and I cannot differentiate between the functions each side performs in shaping the legislation. I cannot accept the position that the Opposition has no function to do except non-official business."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Nobody suggested it."

* THE HON. DR. T. S. S. RAJAN:—" Mr. Saldanha was complaining of the two hours that had so far been given for the purpose of transacting non-official business.

"In the case of taxation measures which we are going to undertake, every other measure should give way. That is generally the principle in all Legislative Assemblies and we have not done anything extraordinary in asking the House for leave for the suspension of non-official day in the interests of the official business in which all of us, both sections of the House, the Opposition and the Government, are interested. It cannot be argued compartmentally. Government business gets preference in all Legislatures. In view of the fact that it is a financial measure that has to be passed through, I would appeal to hon. Members that they will accommodate Government even as we are prepared to accommodate the Opposition in all manner of ways to get through advanced legislation, instances of which have already been given. We are prepared for the discussion of a non-official Bill on an official day, namely, to-day. If Mr. Saldanha would only submit his Bill as he has promised to do, we could certainly see whether it would be possible to accommodate him. Since we have not received copies of his Bill, since we are in the dark as to its objects and its scheme, we cannot give an answer straightaway. With regard to the other Bill, you will find that a chance has been provided for it and no harm has been done by to-morrow being taken up for the transaction of official business. You know very well the nature of the measure that is coming and in view of the explanation I have already given I hope the House will allow us to proceed with the official business."

The motion was put and carried.

II.—GOVERNMENT BILLS.

(1) THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939 (L.A. BILL NO. 10 OF 1939) AS PASSED BY THE ASSEMBLY—*concluded.*

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I beg to move—

'that the Bill be passed into law.'

[Sri C. Rajagopalachariar] [16th May 1939

"I do not think I need make any lengthy speech or any speech for that matter. We have disposed of all the various details clause by clause and I move that the Bill be passed into law."

SRI B. NARAYANASWAMI NAYUDU :—"I should be failing in my duty if I do not rise to protest against this Act especially after the deliberate attempt made on the other side to vote down what to my mind ought to find a place in a suitable tobacco revenue Bill. I maintain that the rate of the tax is utterly and excessively high, especially in view of the confessed want of knowledge with regard to the possible revenue yield of this measure. I maintain further that for this year, so far as this year is concerned, the rate is absolutely unjustified unless there is some expenditure in this year lurking in the mind of the Finance Minister which he thinks best to keep to himself and is not prepared to disclose them as in duty he is bound to.

"I further say that the remarks of the Hon. the Prime Minister yesterday that if the rate is not fixed at 12 per cent it would be asking the country to go through a civil war, kill a king, etc., are absolutely untrue. It is the language of a politician and not that of a statesman."

THE HON. SRI C. RAJAGOPALACHARIAR :—"May I know, Sir, if the hon. Member refers to any statement that I made yesterday in the House."

SRI B. NARAYANASWAMI NAYUDU :—"The Hon. the Premier referred to King Charles' head and the civil war and the rest; but so far as I am concerned I am sure there would not be any civil war here. We cannot afford to have civil war, the king's head and so on.

"The rejection of the amendments seeking to place beyond tax and harassment by way of account-keeping the petty dealers of the urban and rural areas, the attempt to curtail the right of trade in tobacco by persons who otherwise must become a charge on the social insurance and a menace to society, stamp this Bill as unworthy of acceptance. Though this voted Bill is bound to be passed by a majority in this House and become law I am justified in asking the electorate of this country to pass sentence on the head of the person who is responsible for this measure and the crocodile provisions of this Act, not caring for the genuine tears on this side."

* DR. P. J. THOMAS :—"I was unable to take part in the discussions of this Bill so far, owing to ill-health. I believe that even at this stage I may be permitted to make a few general observations.

" The unique feature of the financial system of this country is the absence of a tax on tobacco. To-day, we are making a humble beginning in the taxation of tobacco. I do not agree with my hon. Friend, Mr. Narayanaswami Nayudu, that the rates prescribed in this Bill are too high. I think that the rates are rather low for a commodity like tobacco and if only I had my way, I wish I had my way, the rates might have been higher than they are in the Bill before us.

" The East India Company tried to tax the people in such a way as not to make them feel the burden. They found that it was easier to tax liquor than tobacco. At first they had a monopoly in that commodity in some districts, namely, Coimbatore, Malabar and South Kanara and they derived some revenue, but this was abolished after 1850. There was an attempt in 1860 to levy a licence on tobacco all over India, but the proposal was stoutly opposed by the Government of Madras and it was given up, owing to certain technical objections. It is a most remarkable thing that there has been so far no tax upon tobacco in India.

" The introduction of the present Bill has led to some parleys. The Government say, ' You have agreed to prohibition and therefore to fresh taxation ' and the Opposition say, ' We have not agreed to it.' But I justify the Bill on different grounds. I do not refer to prohibition merely as a measure intended to improve the moral and social life of the people. I regard it primarily as a taxation measure. We have been taxing all these years, all these decades, one article in preference to others. We have been placing upon the drinkers a burden which to my mind is very unfair and inequitable. Here is a tax which has been giving four crores of rupees and that is paid by only about 10 per cent of the population and they are the poorest of the poor of this country. We can prove without any great statistical help that the liquor tax has been paid and is being paid by the poorest of the poor. I mean that the bulk of the tax comes from toddy and that part of it is paid almost entirely by the poor labourers. On the other hand, a tax on tobacco will come from all classes. This, then, is the real reason for our replacing one tax by another. The moral and social aspect may be important. That may be the guiding motive of many in prohibition. But I am here speaking as a student of public finance. I should like very much to see that this country changes the vicious system of liquor taxation and levy taxes on other articles like tobacco. Had such a tax been levied, people would have borne it and the Government would have obtained a large revenue. It would have been more equitable than the salt tax which brings in large revenue to-day. The present Bill, however imposes only a low burden. The original Bill was more comprehensive. It has been whittled down by the Select Committee.

16th May 1939] [Dr. P. J. Thomas]

" Now, it is said by the Opposition that this proposed tax of 12 per cent is very heavy. But I wonder if there is any country in the world where tobacco is levied at this low figure of 12 per cent? As compared with the rates in other countries, this rate is a mere flea-bite. In France, the tobacco monopoly brings in a large revenue; in England, six per cent of the total revenue comes from tobacco. The taxation is so heavy in England that only the very rich can afford to have cigars there. The price of cigars is so high there that we occasionally smuggle a box of cigars for our friends when we go there. Yesterday when I was away Mrs. Hensman seems to have made a speech complaining about the burden of taxation. May I point out to her that the sight ot a woman smoking cigar will be an interesting one even in England, where women have begun to smoke.

SRI B. NARAYANASWAMI NAYUDU :—" Even in times of war, we were told by Lloyd George that women were smoking."

DR. P. J. THOMAS :—" No, they began with cigarettes; and women have not yet taken to cigars. But not so in India. In some of our Northern districts, women working in the field smoke cigars. I do not grudge them this luxury. But is this necessary for their efficiency? Tobacco is legitimately an object for restriction. I am sorry that the Government have not chosen to restrict the use of tobacco. The hon. the Premier definitely stated that measure proposed is only a taxation measure. But I do hope that sooner or later it will be made restrictive. Now 12 per cent is the maximum that is levied; in no other country in the world is the rate so low as that. Even sugar, comparatively an article of necessity, bears a heavier taxation; in fact, the bulk of the price of sugar is composed of the duty. There is a greater justification for a duty on tobacco. The tax on tobacco is definitely a consumer's tax : it will be shifted by the traders to the consumers. In fact we have very strong reasons for putting a restrictive tax on tobacco. We have been till now looking at the measure as a taxation measure. To make it a restrictive measure, the tax should be put high, just as is done in the case of toddy and arrack. Perhaps in days to come, tobacco will largely take the place of the liquor excise. (Opposition Members : ' Hear, hear.') We must begin with a low tax; and gradually we may increase it to higher levels."

SIR FRANK BIRLEY :—" On a point of order, Sir, is it not entirely superfluous, and perhaps even waste of time of every member of this House, for the hon. Member to encourage Government to increase their taxation measures? " (Laughter.)

MR. PRESIDENT :—" It is no point of order."

DR. P. J. THOMAS :—" I would like to see the Government having sufficient money to spend for development purposes. And so, I would like them taxing tobacco more and more."

SRI B. NARAYANASWAMI NAYUDU :—" For all time? "

DR. P. J. THOMAS :—" Yes, I will support you for a higher tax on tobacco, when you are in power. I do maintain that the tax now proposed on tobacco is a mild tax; it should be welcomed by this House. I fear I have taken up an attitude which might inconvenience Government. (Laughter.) Because I have always felt that Government must do more for the lower classes, I always support measures which augment the revenue of the State. We are replacing the tax on drink by a tax on tobacco; a vicious revenue is being replaced by a just tax. (S. K. Ahmed Meeran Sahib Bahadur: 'Question.' (Mr. J. A. Saldanha: 'No.') At any rate I am sure the bulk of people will agree with me; even confirmed drinkers agree that drink is bad.

" Mr. Ahmed Meeran yesterday expressed fears about the bad effects of the tax. Sir, I once made a survey of the beedi industry in this City when the Labour Commission was here, ten years ago, and I found that sweating was going on in this industry. I do not know whether it is still the case now. Whatever it may be, I am sure this tax will not affect this industry. Because, the tax is going to be paid by the consumers and not by the manufacturers. We have been told that the price of beedi is 3 for one pie. Is it any wonder if not only men but children have taken to smoking? This is a country where milk is dear but tobacco is cheap. Just the contrary is the case in Western countries. Sir, I very strongly support this measure for taxing tobacco, and I do hope Government will not stop with this, but will go further and bring forward a more comprehensive measure at a later date."

* S. K. AHMED MEERAN SAHIB BAHADUR :—" Mr. President, I did not want to intervene in this debate at the third reading stage. But I think the remarks which Dr. Thomas, the expert member made, has made me say something. Because his words carry weight not merely as a member but more as an expert. Unfortunately an expert like him quoted the case of sugar and made the case of tobacco appear as if it is like the case of sugar or like toddy and arrack. Sir, any one who has followed the history of sugar industry in this country will know that the duty is put on sugar at a high rate to shut out foreign sugar and make the Indian sugar industry purely swadeshi. So there is a world of difference between the sugar tax and the tobacco tax. The two are poles apart. You put a duty on sugar to encourage your own sugar industry. And is it for that you are now proposing to tax tobacco? Absolutely 'No.' You levy a tax on tobacco because people consider it either as a tax on luxury or a tax on vice. So there is

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a world of difference between a tax to promote swadeshi industries and a tax on luxury or vice. Such being the case, coming as it does from an expert like Dr. Thomas, people are apt to understand the tax as being quite justified. And it is to clear off that misunderstanding that I rose to intervene at this stage of the debate.

"With regard to the bidi industry, I may say his reference to the sweating of labour is all irrelevant to the debate. I did not say anything to mean that I am for encouraging sweating of labour. If he wants to remedy it, I am prepared to give him my support heart and soul. But he was saying, 'now bidis are selling at three for a single pie; do you want to encourage poor people to smoke?' Not at all. When I spoke on the general discussion of the consideration of the Bill, I thought I made my position clear. Even if it comes to a point of completely stopping smoking, or the use of cigars and cigarettes, if this Government or any other Government should take advantage of Dr. Thomas' theory and come forward with a Bill stopping smoking altogether in any form, that is a different matter. We are now concerned only with the fact whether this levy of tax on tobacco will not result in the importation of cheap foreign cigarettes from outside the Province like Bangalore where it is manufactured cheap and displace the industry which is giving employment for thousands of men, women and children. As I said, bidi industry is cent per cent swadeshi industry. It is financed by Indian capital; it is run on Indian labour and it is worked by Indian management. And so to tax tobacco is to hit at a swadeshi industry. And it is that which I objected to, and not stopping tobacco smoking entirely.

"As for the rates, Sir, I do not want to say whether the rate is high or low. This much is there. I would be glad if there is some uniform rate mentioned. Section 4 is entirely inexplicable. You have put in a graded rate by which you want to penalize the man who wants more turnover. I cannot understand that even now. However, when I spoke at the introduction stage, it was not because, I am very much in agreement with Mr. Narayanaswami Nayudu, but because I am against the main provision of clause 4. That is why I demanded division on clause 4. I wanted to show not that the rates were high or low, but that there should be some uniform rate. Though it is very high, I can understand it. But by the graded tax on a turnover, on the man who wants to do a greater sale, you are putting him to a greater handicap as against any other merchant who is able to turn out less."

* MR. S. J. GONSALVES :—"Sir, I desire to remove the misapprehension which may be caused by the remarks that have been made on this side of this House. Each country has its own habit. Dr. Thomas pointed out that in England only aristocrats smoke cigar and here even the beggar man in the street can have his tobacco. It must be remembered that tobacco is not produced in England, but is produced in this country and if the beggar man

in the street can have his tobacco here, it is because, it is produced in his own country. In this country people are accustomed to use their own produce and that produce has been brought within the reach of even the poorest of the poor. If in the United Kingdom tobacco can be used only by the aristocrats they have got their stimulating commodities which they can use much cheaper than we can in this country. There, even the man in the street can have his cheap beer. Here we have to pay very high prices. We are made to pay more for it than the rich men in England. . ."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I would be obliged for actual and correct information, whether beer is cheaper in India than it is in England."

* MR. S. J. GONSALVES :—" It is not cheaper in India. I can say that. I have drunk beer in England. (Laughter.) I am certainly in a position to say that beer is cheaper in England than it is in India."

DR. P. J. THOMAS :—" May I remind the hon. Member that milk is cheaper in England than it is in India? "

* MR. S. J. GONSALVES :—" It is. I agree. It is available everywhere. Fresh milk is available in England at all times and in all places milk can be got. If milk be made available here as cheap as in England, certainly it would be a great boon to this country.

" Then, Sir, the point I wanted to make is, each country has its habits. Because men in England pay more for their tobacco, here also we should be made to pay the same, is not a proper argument. For instance, take the question of tea. In the countries on the continent tea can be drunk only by the aristocrats, whereas here it can be drunk by a very poor man. A pound of tea can be had here for 4 annas, whereas a pound of tea cannot be had in Italy or Germany for 4 rupees. There is a reason for it. The reason is this. Tea is a beverge; it is a stimulating beverage. The countries of Europe admit the genuineness of it. It is also good for people to drink tea. But countries in Europe are producing wine which is a very good beverage from their standpoint and people of those countries have been accustomed to drink wine. Even children can have wine there. Wine is cheap there. In any country in Europe in a house or a hotel wine bottle will be placed on the table as water is placed in this country. It is because wine is so cheap there. So, Sir, the reason is that unless they impose a heavy import duty on tea, it will displace wine. They want wine should be consumed by all and they say that wine is a good beverage and that it should be used by all people. They do not, however, prohibit tea but they levy a heavy import duty on it. Then, is it the view of Dr. Thomas, Sir, that tea should be drunk only by the aristocrats, taking the analogy of tobacco? Is

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it the argument of Dr. Thomas, that tea should also be taxed in this country as it has been in the countries of Europe? On the analogy of tobacco, it seems to me, that the argument can be applied also to tea. Sir, these reasons which have been assigned for taxing tobacco and for increasing the duty upon tobacco, are reasons which cannot and should not be accepted by this House. So, Sir, I spoke against this Bill and had also taken part in the consideration stage of this Bill. I do not propose to go into details. I rose only, as I said, to remove a misapprehension caused by the remarks which have been made by a member on this side of the House."

DR. SIR K. V. REDDI NAYUDU :—" Mr. President, I also rise to oppose the passage of this Bill. Following the Hon. the Prime Minister, I should say that we have had enough discussion on this Bill, and no further discussion seems to be necessary, except perhaps the bomb which our expert as he is called has thrown into our midst; fortunately the bomb did not explode. Enough has been said by my hon. Friend Mr. Gonsalves on the arguments advanced by our expert. Sir, these analogies from other countries come in handy only when they serve one's purpose. When they do not suit our purpose, we simply say : ' Well, India is so different from other countries and therefore the analogy of other countries does not apply in this land.' The hon. Member said, every country in the world has taxed tobacco. May I ask : ' Is there any country in the world which is as poor as India? Is there any country in the world in which the per capita income is 3 or 4 rupees? Is there any country in the world where the standard of life is so low as it is in this country? ' ' Is there any country in the world? ' I ask, (Interruption)—because that is economics, economically there is, perhaps— ' Is there any country in the world where cheroots are sold as they are sold in India, bidis are sold as they are in India except perhaps those who buy from this country? Are there vendors in Europe or America who sell for only 4 annas worth a whole day, who sell bidis two or three per pice? Is there any country in the world which has got these things? ' To compare England or any other European or American country with India for purposes of taxation is absolutely irrelevant in so far as a Bill of this kind is concerned.

" As I have said, it is not my purpose to enter into a discussion at this stage. We have said what we wanted to say. I rise only for the purpose of entering my protest against the passage of this Bill. We have pointed out the thousands of men and women in the Telugu districts who earn only 2 annas a day at the most for all the labour that they take and for the sales that they make. We have been often told, for instance, when the salt tax was increased a little from Re. 1 to Re. 1-4-0, there was such a huge cry raised. Non-co-operation was started and speeches were made

in the Central Legislature in which they decried the taxation, as one affecting the poorer classes and driving them to starvation and so on and so forth. What about these men here that make these sales? They have to pay six rupees tax. How can he pay? I submit, Sir, apart from all these economic theories, full baked or half baked, the hardship has to be taken into consideration; and those who are accustomed to deal only in books cannot understand the practical difficulties of the people. (Hear, hear.) I submit, Sir, this Bill does not deserve to be passed."

* MR. J. A. SALDANHA :—" Mr. President, I want to say a few words. When I heard Professor Thomas speaking, I was reminded of a story where an eminent doctor of philosophy forgot the fundamental elements of logic. . . (Laughter.) Dr. Thomas's speech ignored the fundamental difference of countries. It is true, there is a heavy tax on tobacco in England. But it is an import duty or tariff duty. There is tariff duty in America. It is an import duty on the basis of a tariff. It has got an import duty or tariff duty upon tea and even coffee. Therefore the prices are very high. On the other hand the export of liquor is not taxed in Europe. There is an excise duty on liquor in England with the result, I am told that the 'Whisky' in England is dearer in England than it is in India, because there is a high duty imposed in England for inland revenue purposes. I submit all these different facts making for the duties on tobacco in Europe. It is an import duty where there is no such tobacco grown. (Interruption.) I do not think tobacco is grown in France. A heavy import duty is imposed. It is a heavy duty in the United States also, where tobacco is grown. There also similar conditions prevail. And there also, if I remember rightly, the duty on tobacco is not so high as in the United Kingdom for it is grown there. Here in India the liquor or toddy you
12 noon. call poisonous. Liquor is not considered poisonous by ninety per cent of the people in the world who use or sanction the use of liquor. To make a comparison, therefore, between liquor or toddy and tobacco is quite improper.

" I wish that Dr. Thomas had taken part in the debate at the second reading in order to enable us to answer his arguments. There are other points. We have pleaded for mercy for the poor bidi manufacturer. Government have turned a deaf ear. We have also pleaded very strongly for the cancellation of the clause which gives dictatorial powers to the Government. I hope that those powers will not be exercised at all in the future. Taken as a whole, I oppose the Bill."

* SRI K. P. MALLIKARJUNUDU :—" Sir, I wish to answer one question raised by Mr. Ahmed Meeran. He has stated that this tobacco tax is another sales tax to encourage imports. Several responsible Members of the Legislature have been saying times without number that the general sales tax or any particular sales tax will

encourage imports. I have no hesitation in saying that it is absolutely wrong. The sales tax applies both to the imported articles as well as to home-made articles. If that be so, I fail to see how it encourages imports."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, it is an opportunity for me only to say a few words in answer to the very strong criticisms reiterated by some friends on the opposite side. I shall not take any length of time over it, however.

" I am unable to see how Mr. Ahmed Meeran still maintains that there would be as a result of this taxation, a discrimination in favour of cigarettes as against bidis. Apart from the general attitude towards tobacco as a whole and things of that kind, looking at it only as a measure of taxation, looking at it only as a commodity for taxation, I fail to understand how when this duty is levied on tobacco in all manufactured forms alike, there would be any difference. If at all there is a difference against shops dealing in the high-grade articles, I do not at all see, I say, how Mr. Ahmed Meeran infers that bidis will suffer as a consequence. If at all, the big shops that deal in cigarettes will have a little more weight against them, a little more in favour of cigarettes than against bidis. If, therefore, there is any virtue in promoting bidis as against cigarettes I claim that virtue to some little extent—may not be much —in this Bill. I do not think Mr. Ahmed Meeran has any ground for imagining that as a result of this fiscal measure, bidis will be substituted by cigarettes."

* S. K. AHMED MEERAN SAHIB BAHADUR :—" One word, Sir. I think the Hon. the Premier has not understood me. I shall only give one illustration and keep quiet. The Bangalore Cigarette Company, which is outside this Province and which imports cheap cigarettes, need not pay the sales tax."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The cigarette manufacturer who is outside our Province, like even the seller of any article which is sold in the Province if he sells it from abroad, does escape any sales tax that we levy here to a certain extent."

* S. K. AHMED MEERAN SAHIB BAHADUR :—" That is how the difference arises."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" That is a vice which must appertain to any Provincial taxation in regard to sales. It is a vice appertaining to the geography of the Province and it cannot be escaped. But apart from the advantage that the man who manufactures bidis abroad and manages to send it inside and competes with bidis manufactured inside as well as cigarettes will have, manufacturers of bidis inside the Province will have no discrimination."

* S. K. AHMED MEERAN SAHIB BAHADUR :—" I never said they will have any."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Then the question is reduced to this quantitative question whether the bidis manufactured outside the Province should have facilities to come in, in spite of the difficulties of communication, of transport charges and of management charges and all that. If they are able to sell here directly without any retailer for instance, it is possible that in the border areas near States where bidis may be manufactured, there may be a difference in favour of the bidis—not only in favour of cigarettes but even bidis. And, what is there for Mr. Ahmed Meeran to imagine that for all time that state of things will continue? There is a natural law of taxation as well as of economics. If in the Province of Madras or in the Province of Bombay or in any other Province in India a certain taxation is levied, it must necessarily follow that the States will also soon begin to levy similar and equal taxes, as we have already seen in the case of income-tax or in the case of the abkari tax. For instance, liquor sales were organized and the revenue was derived from liquor. Did we have a uniform federation of States? Were there no borders then? There were. We must, therefore, depend upon the restoration of equilibrium as a result of the universal demand for money in all States and the States will find the necessity for expenditure and they are bound to raise taxes in course of time. That, as I said, is only a necessary difficulty which we cannot escape in any case.

" With regard to the displacement of bidis by cigarettes let me not be understood to have said that it will never take place. Apart from this tax it is bound to take place. Have not moderu things replaced old things in many matters? Have not fine clothes replaced coarse clothes? Somehow or other people have a craze for the modern article. The leaf looks very thick, rough and heavy. Just as people like light clothes instead of heavy ones, some people will like the paper-rolled cigarettes than bidis. But the wiser ones will, let us hope, continue to use bidis. Mr. Ahmed Meeran should take np the chemical analysis of the matter and prove to the public that the smoke that comes from the leaf which is used in making bidis is perhaps less harmful than the smoke that comes from the cheap cigarettes and from the cheap paper that is used and even from the stuff used in them. I am here to say at once for those who wish to know that any day the bidi is healthier. I can say without fear of contradiction that the stuff—especially that which is put in the cheap cigarettes—is poisonous stuff. Everybody knows that and if only proper care is taken by the bidi manufacturers they can maintain their own against cheap cigarettes and I shall be only too glad to help those who want that, if they need help from me. I have no doubt about that. But apart from this difficulty, in all other cases it would be difficult for the people from abroad to smuggle the goods and escape taxation. It is not quite correct to say as Mr. Ahmed Meeran did that the manufacturer of cigarettes can be taxed here any more than the manufacturer of bidis can be taxed.

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But it is only at the sale stage that he will be taxed. Even those who bring in manufactured tobacco from the States or from abroad cannot escape more than half a stage or one stage at the most. But even they will be negligible, I imagine, if trade is properly organized by those who organize trade in our Province.

"Then, with regard to the objection to the scale of taxation which Mr. Ahmed Meeran again very strongly pressed, I want to ask him one question. There was a proposal that the first block should be wholly exempt. There was an amendment that all people dealing in a small measure in these forms of leaf should be wholly exempt. If I remember aright, Mr. Ahmed Meeran voted for it. What then is his principle? He blows both hot and cold. He says that it is wrong to have any differential scale between the small dealer and the big dealer. He maintains as a matter of principle and as a matter of theory—and correct economic theory, he says it is—that the tax should be uniform. When, however, it is proposed that those who are dealing below a certain measure should be wholly exempted he votes for it. I cannot understand the consistency between the two."

* S. K. AHMED MEERAN SAHIB BAHADUR :—" The lesser of the two evils."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The lesser of the two evils is, I claim, the lower of the two scales. He says exempt one altogether and tax the rest. I say 'Tax a little those who deal in the smaller quantity and tax higher those who deal in the bigger quantity.' I submit that judged from any point of view the Government's proposal is the lesser of the two evils and in fact it is certainly the lesser of the two financial evils that will follow because it would not result in evasion in a larger degree if wholesale exemption is given to the smaller dealers. That is my answer to the points which Mr. Ahmed Meeran thought important to press with all the vigour that he generally commands in this House.

" With regard to the attacks made on the principles put forward by Mr. Thomas, the very correct principles put forward by him, in favour of a heavy taxation on tobacco, I should think a lot of dust was raised by Mr. Gonsalves and Mr. Ahmed Meeran over again. Tea and tobacco were compared. They said that Mr. Thomas did not see the difference between country and country and the difference between tobacco and other articles. He did see the difference and that is why he said that tobacco should be taxed more than every other article.

" Mr. Ahmed Meeran raised the sugar dust. He said that sugar and tobacco were confounded. Dr. Thomas made every distinction between sugar and tobacco and that is why he said that tobacco should be so heavily taxed. I submit, therefore, that Mr. Thomas' recommendation for heavy taxation on tobacco has not been met by any proper argument on the other side.

"Sir Frank Birley made a semi-humorous interlude by suggesting that it was not right or in order for Dr. Thomas to suggest heavier taxation to this Government which is 'already revelling in heavy taxation.' That apparently was his objection to Dr. Thomas' learning being used as an incentive to further vicious efforts on the part of the Government. I do hope, however, Sir, that with the concurrence of the whole House—this House as well as the other House—we may be able to put into effect Dr. Thomas' suggestions. But it is better to hasten slowly and that is my only defence in answer to what Dr. Thomas has said.

"Again I will say what is heavy taxation in England would be very much heavier taxation here as was pointed out by some Members opposite. It is true that our taxation in respect of tobacco is lighter than what prevails in England and in other countries, but our people being poorer and being people of varying habits, we may have to deal gradually than perhaps Dr. Thomas' principles might warrant.

"'Thousands are earning', said Sir K. V. Reddi, thousands of women earning two annas a day in the Telugu districts—he came back to the Telugu districts again. I hereby give an assurance to the thousands of women that this Bill will make them earn two and a half annas instead of two annas a day. It will give them an advantage. Manufactured tobacco will be rising in price all over the country on account of this taxation. These women hawkers roll up real raw leaf as it is available on the ground and make them into cheap cigarettes. They will be sold on the spot and they will not come under this tax. They cannot come under this tax. They will really levy a better price from the customer and they will thank the authors of this Bill."

DR. SIR K. V. REDDI NAYUDU :—"Let us hope so, Sir."

The motion was put and carried and the Bill was passed into law.

(2) THE MADRAS RESTORATION OF VILLAGE OFFICERS (VALIDATION) BILL, 1939 (L.A. BILL NO. 15 OF 1939) AS PASSED BY THE ASSEMBLY.

-15 .m. * THE HON. SRI T. PRAKASAM :—"I move—

> '*that the Bill* [a] *to validate the restoration of village officers who lost their offices by reason of their association or connexion with political movements (L.A. Bill No. 15 of 1939) as passed by the Assembly be taken into consideration at once.*'

"I hope that this will not be made a controversial measure. All the hon. Members of this House are aware of the history of the movement for freedom in this country which started in or about the year 1920 and continued until the old constitution was changed

* Printed as Appendix I on pages 341-342 infra.

and the new dispensation has come into operation. Those who have been the victims of the repressive policy of those days or their representatives have come into office now. Hon. Members will grant it that after such a historic struggle for freedom—although full freedom has not been yet achieved, yet even the partial freedom that has been achieved has been the result of that struggle—it is only natural that those who had suffered in those days should when they have come into office endeavour to do, partially at least, some service to those who had suffered then, particularly to those classes of officers who had suffered in those days. It is not the case that all those officers had joined the rank and file of the army that put up the fight; but most of them were dealt with by dismissal or removal for their sympathies and for the encouragement given by them to the movement. There are very few, I should suppose, who had gone to jails and those who welcomed them had been suspected of having given encouragement to the movement. Not only were they removed but their heirs were also disinherited. A special amending Bill was passed in 1922 which was only in force for one year under which the heirs and other members of the family also were disinherited. It is not necessary that I should take too much time of the House. It is only a piece of natural justice that goes to these men who have been removed from their office. I may also mention that it is the policy of this Government to restore such men. I may also mention with regard to those who had taken their places—about whom discussion came up in the other House—even before any question was raised this Government had taken steps to see that those who had held this office during these periods should be given preference in the vacancies that may occur either in the same line or in any other line. I move, Sir, that the Bill be taken into consideration."

DR. SIR K. V. REDDI NAYUDU :—" Mr. President, the Hon. the Minister who introduced the Bill just now told us that it is not a controversial measure (The Hon. Sri T. Prakasam: 'I said, I hope ') I am sorry, Sir, I cannot join in that hope. I consider, Sir, this Bill to be more dangerous than any Bill that has hitherto been placed before this House apart from taxation. It is most unjust; I may be permitted to add, outrageous. Never before was the statute book of this Province stained by a Bill of this kind. Let us consider the facts. In 1921 or 1922 the Non-Co-operation movement was in its full swing and these officers, as has been admitted, not only joined the movement and helped them as my friend would have it, but refused to collect revenues and had either resigned themselves from their offices or were dismissed therefrom. Let me at this stage, Mr. President, draw a distinction between these officers who are involved in this and others who sought or took their help. Those who are politicians are perfectly free to carry on their

agitation as they like. And they are now sitting in the Treasury Benches which we do not grudge. But what about these officers? These are members in the service of Government. They were charged with the duties of collecting revenues. They refused to collect revenues, and wanted to paralyse the Government. What could Government do under those circumstances, when their own officers refuse to collect revenue? It will be conceded by Government that no Government could be carried on without finance, which the Hon. the Prime Minister knows only too well. Now these men were thrown out and others were appointed. How? It was so very difficult to get people to my personal knowledge. It was so very difficult to get fresh men. They had to use all the influence of the officers in the district, cajole the men, make inducements, promise promotions and do ever so many things to get some men to take up the offices of those people so that the revenues might be collected. Sir, it is not that these people committed any default to deserve this treatment. Their interest was not in question; their efficiency was not in question. It is not suggested that they failed in their duty. The sole ground on which this Bill is based is that the old officers helped the party which is now in power and therefore, they must be reinstated. Apart from that, no other reason has been given and it will also be remembered, Mr. President, according to the Act of 1922, referred to by the Minister for Revenue, these people, the newly appointed men, men who have worked for eighteen years now have acquired hereditary rights. Those rights have to be cancelled now and the old people will have to replace them. These men who may be thrown out have acquired rights and if they are to be dismissed to-day, they can go to a court of law but for this proposed legislation which we are considering. As a matter of fact, unless my information is wrong, some have actually filed suits because some officers have been dismissed and their places have been given to original holders. At any rate they are contemplating suits. It is to defeat them in those suits that this legislation has been practically introduced now. Now, Sir, the facts are these. What will be the effect of a Bill of this kind? This will now place the premium on careless negligence of duty, deliberate disobedience of authority and outrageous defiance of all law and order. Can such a thing be tolerated? What does this Government propose to do, what will this Government do, if a similar thing happens in connexion with a point that I will raise? We have had our Prohibition law. The excise officers have been removed and the police have been asked to do their duty. Prohibition is one on which there has been a difference of opinion."

THE HON. SRI C. RAJAGOPALACHARIAR :—"There is no difference of opinion. The hon. Member speaking himself did not object to it."

DR. SIR K. V. REDDI NAYUDU :—"Did I not object to it?"

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THE HON. SRI C. RAJAGOPALACHARIAR :—" Did not object in 1924."

DR. SIR K. V. REDDI NAYUDU :—" Last year when the Bill was introduced, I opposed Prohibition. Well, however, let us not fight about those words. Now I am asking this : A number of police officers have been asked to do this work of Prohibition. Some of them do not mind taking a peg of whisky. Perhaps they 12
do not believe that it is a just and good law, this law of Prohibition. P.M.
Now, just as these village officers did in 1922, if these police officers, or some of them, think that this is an unjust law placing a restriction upon the liberty of action of man and say : 'I will not enforce it. I will encourage illicit distillation and see that no offender is convicted,' will this Government do anything but dismiss them? What else can they do? When the object of their law is being frustrated, there cannot be any other action which the Government can take but to dismiss such men if there are any. Well, there is no difference between those people and these dismissed village officers. After all, Prohibition is a matter in which there are two opinions. It may be, as the Prime Minister claims, that those that are in favour of his measure are far larger than those against it. But, all the same, there is differeuce of opinion. Now, on the question of collection of revenue, can there be any difference of opinion? Would anybody say that land revenue should not be collected so long at least as the law stands there? So long as the village officers are there they cannot say that they would not collect the revenues at all. Now, why should the men who are in service now be dismissed? The Hon. Minister was telling us that a question was raised and an answer was given that arrangements have been made to take these men on to some other service. When? Where? Where are the vacancies? There cannot be any vacancy in this department of village officers, because these are hereditary offices. If one man is not educated enough to take his place as a village officer, as he has a hereditary title to it, his cousin or nephew can be appointed in his place. Let us also remember, Sir, that no compensation is to be paid to the people who are now to vacate these posts after serving honestly and efficiently for 18 years. Are they to be turned adrift on society for no fault of theirs? Some of them were holding other appointments when they were invited to take these places. They lost their jobs there and, after eighteen years of service, they are proposed to be dismissed without compensation. I do not know whether the Hon. Minister will still say that this is not a controversial matter.

" Mr. President, in a well-ordered State it is inconceivable and contrary to all accepted canons and ethical principles for one Government to dismiss persons permanently appointed by a previous Government, except for misconduct or for other valid reasons in

accordance with the existing provisions of the law of the land. Otherwise, the expression 'permanent service' becomes meaningless. Administration, under such circumstances, would be impossible. I have said, Sir, that such a thing is inconceivable in a well-ordered State. Such a Bill as the present one may perhaps be possible only where constituted Government has been overthrown by revolution. It was possible in Russia; it was possible in Germany and it may now be possible in Spain. Are we in the same state as those countries? Hon. Members who now occupy the Treasury Benches occupy those places not by a revolution, but by working the provisions of the Constitution Act; however much they despise that Act, it is not revolution that brought them into office. It is through an orderly election that they have come into power. Under the provisions of the Constitution Act, perfectly legally and constitutionally Hon. Members have come into power. For them to say that they do not mind what the accepted canons of constituted Governments may be, that it was done in Russia and that it may be done hereafter in Spain, I do not think there can be any justification. There is no justification for these gentlemen to throw out of office men who have served so long and so faithfully. I submit, the Government that is now in power is only in continuance of the Government that was in power before. This Government are the legitimate successors of the previous Government and, as such, they will be entirely unjustified in treating those that opposed them in the same manner in which they might have been treated in those countries whose names I gave just now.

"There is yet another point I should like to bring to the notice of the House. Under section 52 (1) (c) of the Government of India Act, 1935, a special responsibility is cast upon the Governor of the Province for safeguarding the legitimate interests of the members of the public services. The Bill, even if passed by this Legislature—of course no Bill that has ever been introduced by the Government has ever failed to be passed by this Legislature defeating even the mildest and harmless amendments—may we not hope . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—"On a point of order, Sir. The form, the manner and the substance of the point which Sir K. V. Reddi is now presenting to the House are altogether out of order. He is giving advice to His Excellency the Governor, pointing out his duties which he should do and which he is well advised in doing. The hon. Member may do so in a different form. But I submit it is an infringement of the privileges of this House to say so when a Bill has been introduced."

DR. SIR K. V. REDDI NAYUDU :—"I beg respectfully to differ."

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* THE HON. SRI C. RAJAGOPALACHARIAR :—" I have no doubt the hon. Member will respectfully differ. But I am appealing to the Chair."

DR. SIR K. V. REDDI NAYUDU :—" Will you please listen to me, Mr. President, before you give your ruling? "

MR. PRESIDENT :—" Yes."

DR. SIR K. V. REDDI NAYUDU :—" Because, when a point of order is raised, those whose action has been taken exception to are generally heard."

MR. PRESIDENT :—" Yes, all right."

DR. SIR K. V. REDDI NAYUDU :—" My submission is that I am not advising the Governor. I never presumed to advise the Governor."

MR. PRESIDENT :—" But the way in which the hon. Member referred to the special responsibility of the Governor in the matter of the interests of the services almost amounted to that."

DR. SIR K. V. REDDI NAYUDU :—" How can anybody know that from the way in which I was speaking? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" What I objected to had been finished. It is only then I raised the point of order."

DR. SIR K. V. REDDI NAYUDU :—" My point is only this: that such legislation only should be placed before this House as is likely to be accepted by the Governor and as is likely to be given assent to by the Governor. I am pointing out that this is not a measure of that kind."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I submit, Sir, that the arguments placed before the House are to be arguments on the merits of any measure under consideration by the House. No argument should be of the kind that it is likely that an outside authority will interfere with it. That is not an argument. It is a threat or an advice or a suggestion. Any argument on the merits with regard to any measure may be made without any reference to any outside authority."

DR. SIR K. V. REDDI NAYUDU :—" The Hon. the Prime Minister is an expert in the use of words. How he reads a threat into my arguments I cannot imagine. His fertile brain is capable of thinking of things never dreamt of by me. My point is that on the merits of any measure there should not be the possibility of a different interpretation by any authority. I submit that this is not a Bill which can be said to fulfil that condition. That is all my objection. I am not going to appeal to His Excellency. Those people who are dismissed will appeal if they care. It is unnecessary

for me to do anything of that kind. My function consists of placing my views before the House. I am neither threatening nor advising anybody.''

* THE HON. SRI C. RAJAGOPALACHARIAR :—'' Sir, if Sir K. V. Reddi has finished with the point of order I should like to say something.

'' The hon. Member pointed out that his reference to His Excellency the Governor's powers to disallow this Bill was intended to stress his objections to the Bill on its merits. He says that the Bill should be such as not to invoke such interference. Now, such interference is altogether outside the scope of any discussion in this House, and, if, as he just now pointed out, it is the right of those who are affected to make an appeal to His Excellency if they think fit, then that is enough reason for him not to have made any such reference here. The Bill cannot be objected to by His Excellency at all. Particular persons can make an appeal. This is all the more reason why his remarks are out of order here with reference to this Bill.''

DR. SIR K. V. REDDI NAYUDU :—'' Not at all, not in the least. I am just answering the point just now raised by the Premier, Sir. Now, the Bill is placed before the House for its approval. The Government want the House to approve this Bill. I am opposing it and I am suggesting to the House that this is not such a Bill as should be accepted by the House and one of the reasons for non-acceptance is the point about the Governor's assent. This no doubt is the concern of the people who are dismissed. My point is that this House has got certain responsibilities. When it is called upon to give its consent to any measure it has got to consider the pros and cons in every possible direction. One of such directions is the question whether with regard to this there will be difficulty elsewhere. The House ought to see whether in such circumstances it should agree to this measure. It is only in that sense I referred to this point.''

* THE HON. DR. P. SUBBARAYAN :—'' May I respectfully point out to the hon. Member that what the special responsibilities vested in somebody who is outside the House are has nothing to do with the power of this House. We must consider what repercussions it will cause to us and not to any outside authority who is vested with power.''

DR. SIR K. V. REDDI NAYUDU :—'' I have never questioned the right of this House to pass a Bill of this kind. I am aware of the sovereignty of Parliament. In fact, some wrote this long long ago : If Parliament passes a law that all blue-eyed babies should be killed within three months after birth, that would be a perfectly valid law. I do not question the power of the House,

but in agreeing to pass this Bill they will have to consider the difficulties. One such difficulty I have pointed out for the consideration of the House. If the House thinks that there is no point in it and that it does not care for what the outside authority thinks, I cannot help it. It is at perfect liberty to do it. But what I am saying is that there is a difficulty which might arise and let us take it into consideration before we give our assent to this."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, my point has simply not been dealt with by the hon. Member. It is whether it is in order for an hon. Member to raise the question in this form that His Excellency the Governor or the Governor-General will use his powers of interference with respect to special responsibilities. I ask whether such a point can be raised when a Bill is under discussion. Every Bill moved by the Government is brought forward on the recommendation of the Government as a whole. No point can be raised by any hon. Member with regard to the interference of the Governor or the Governor-General on the ground of the special responsibilities being affected. It should not be a subject-matter of discussion here, for it would embarrass all the persons concerned in a manner which is not contemplated."

DR. SIR K. V. REDDI NAYUDU :—" I can only say that I beg to differ from the Hon. Member."

MR. PRESIDENT :—" The hon. Member is not entitled to refer to that subject."

DR. SIR K. V. REDDI NAYUDU :—" Very well, Sir, I obey your ruling.

" I shall now summarize in one or two sentences. If the present Government is to be considered a legitimate successor of the previous Government, I consider it a breach of faith on the part of the Government. The Government is a corporate body. Even as the King never dies, the Government never dies, except by a revolution. So there is a continuation. The previous Government in the hour of their need, when their own officers refused to collect the revenues, had to go and beg these people and put them in these places and for eighteen years they have served there. I ask, Sir, whether it is not a breach of faith on the part of the Government to send them away. Ministers might change, but all the same the Government is one continuous Government. It is not like Russia where the Czar was killed, the old constitution was abandoned and a new constitution completely different from the old was established. We in India are developing through successive stages; we have progressive realization of responsible government as Montague put it. The present Government has come into existence by going up one stage more and all the same it remains the same Government. Therefore the same Government cannot do a thing of this kind especially without any compensation."

SRI A. RANGASWAMI AYYANGAR :—" Sir, I wish to reply to the last point raised by Sir K. V. Reddi Nayudu. I only wish to point out that in no constitutional sense can the present Government be regarded as a continuation or a successor in interest of the previous Government. Therefore there can be no question of breach of faith. The Congress Government thinks that it has come into its own and that all the previous Governments were trespassers. It is not as if the Congress Government got an inheritance from the real owners, but they got into their own. We have taken possession of a Government that is legitimately our due and therefore we are, in no sense, constitutionally or morally bound by the claims of officers employed by a prior Government. No doubt, it is open to Sir K. V. Reddi to say that there will be hard cases and that the Government should deal with them justly and equitably, because the officers concerned are our own countrymen and rightly or wrongly they have acquired a right and that the Government should not take away that right. Such an appeal is bound to be heard by this Government because it is a Government for the people and the people who are affected are our own people. But to say that the present Government is the successor in interest of the previous Government as if it is an assignee of the past Government and as if the past Government was a legitimate institution of the land, is against the Congress ideology at any rate. No doubt there might never have been a revolution in the Russian sense, but for the purposes of the constitution and in Congress ideology this is an entirely revolutionary Government. No doubt we are not having a revolution, a blood-thirsty revolution, but still we are at war with the British Government and the Congress has been careful to say that they are not working the constitution and that they are not bound by it. Therefore, Sir, I think that Sir K. V. Reddi must now understand the implications of the theory of office acceptance by the Congress."

SRI M. D. T. KUMARASWAMI MUDALIYAR :—" Sir, the hon. Member who spoke just now must remember that history will repeat itself. The Hon. the Revenue Minister in his speech said that provision will be made for officers who will be ousted as a result of this Bill. I am at a loss to know why such a provision should be made. Why not the men who are out of service now, the men who were sent out on account of their misbehaviour and who have suffered all these years, why not these men be appointed as and when vacancies occur in this department and in other departments? I would like to draw the attention of the Government to this aspect of the question. In so doing, I would also add that the policy that is being adopted by the Government of bringing back these people to their jobs once more is a bad policy."

* SRI P. PEDDI RAJU :—" Sir, I wish to speak a few words with regard to the facts involved in this matter. The hon. Member, Sir K. V. Reddi Nayudu, said that these village officers

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were dismissed on account of indiscipline or disobedience of orders or for non-collection of revenue. But the facts are otherwise. I think, Sir, that my district has contributed the largest number of dismissals of officers. But they were not dismissed for indiscipline or disobedience of orders. All that happened was that some Congressman took his meals in a karnam's house and the karnam was dismissed without any notice. Or some karnam attended a village officers' conference which was considered to be a Congress conference and he was dismissed without any notice. Orders went on to say that not only he but no other member of the family should be appointed during his lifetime. This is the kind of injustice done to these officers by the previous Government. If the Government thinks that any injustice has been done and any crime has been committed, I think it is but fair that they shonld come to their senses and review the orders passed by the previous Government. These orders were passed at a time when they wanted to put down all efforts at reform and all Congress activities. That was the main object. That is why the Congress Government, after coming into office, has taken upon itself the duty of restoring those village officers. In this connexion, Sir, I am sorry to say that the Government of our Province has not done all that ought to have been done to set right the crimes committed by the previous Government. For instance, the fines that were paid have not been refunded and the forfeitures have not been restored. Other Congress Governments have done all these long ago. I think, Sir, it is the duty of the whole House to support this Bill. I am sorry to say, Sir, that the present Government have not restored all the village officers. They have taken more than a year and they still say that they have not received reports from District Collectors and the Revenue Board with regard to some cases. I want to impress on the Government the necessity of restoring all the officers immediately without saying that the Revenue Board has not sent its report with regard to a particular individual, that they are taking time and so on. I know of cases where the Collector has reported that a particular individual is fit to hold office, but still the papers are lying for several months with the Board of Revenue and Government have not passed orders. I appeal to the Hon. the Revenue Minister to expedite the orders and restore all those who are capable of holding the office."

SRI B. NARAYANASWAMI NAYUDU :—" Mr. President, I want to say a few words with regard to this. I do not want to indulge in a speech either about the Holy Roman Empire or about the division of the spoils of office. For, if any statements like that are made, they will at once be termed as mere platitudes of a school-boy by the wise head of the political jungle on the other side. I want to put only one question and let the other side answer it in the frenzy of the moment. Am I justified in giving

the electors any hope or promise or expectation that the anti-Hindi prisoners who are now agitating in the country, after the Justice Party comes into power . . ."

MR. PRESIDENT :—" Has it got anything to do with this? "

SRI B. NARAYANASWAMI NAYUDU :—" Absolutely. They are political workers and they should be restored to what they have lost. Can I give them a promise or even a hope that when the Justice Party comes into power, the fines imposed on them would be refunded to them? If you allow me to say that, certainly you are entitled to proceed with this Bill. It may be that the Government have a majority and that they may pass this Bill. But I think on moral grounds they have no right to do so. I am seriously thinking whether I should vote for this Bill or vote against this Bill. Perhaps I would remain neutral and not vote either way. Any subsequent Government that may come into power may take their own attitude in matters of this kind that may crop up."

* SRI T. C. SRINIVASA AYYANGAR :—" I am afraid we are drifting away from the real purport of the Bill. My hon. Friend, Sir K. V. Reddi, stated that this Government is a continuation of the previous Government and that they cannot do anything which the previous Government could not do."

DR. SIR K. V. REDDI NAYUDU :—" It is so very wide of what I said. I said that they could not do a thing of this kind."

* SRI T. C. SRINIVASA AYYANGAR :—" I accept the qualification that they could not do a thing of this kind. Sir, even before the Congress Government came into power in the several Provinces, after the cessation of the Non-co-operation movement several things took place. Lands which were purchased in revenue sales in other Provinces were restored to the people by orders of the Government. Presses of newspapers which were seized and securities paid by them which were forfeited were returned to the people who had taken part in one shape or other in the Non-co-operation movement. People who lost their franchise were allowed by special orders of the Government to stand for elections. What were all these acts for? They were all done by Governments which were not Congress Governments. They were done for the purpose of conciliating the country and settling the public life on a higher moral tone. The present Congress Government here are doing what their predecessors should have done, but have failed to do. I do not agree with Mr. Rangaswami Ayyangar when he says that this Government is an altogether different Government and that it has nothing to do with the previous Government. This Government may be somewhat different from the previous Government in the range of its functions and powers and privileges. But it is a continuation of the same Government. The same officers are there and the same laws are enforced and the same Acts are continued

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In various other ways also, I say, that Sir K. V. Reddi's proposition that the present Government is a continuation of the previous Government is true. What I say is that this is a thing which the previous Government themselves ought to have done and the present Government want to do nothing more. With regard to these village officers, have we anything in the western system where a large body of officers are hereditary and have certain privileges which regular public officials have not got? They are officials for some purposes and they are not officials for some other purposes. Some of these village officers can stand for elec- 1
tion for local bodies, and some others cannot. In fact in 1910, when the system of appointing village officers came in for revision, many people did not think, probably owing to their own sense of respectability, of accepting regular salaries. The Government fixed monthly salaries for some of these officers, instead of a fraction of the harvest from the villagers as was their *mamul* previously. I know in certain villages these village officers suffered vicarious punishments. It is absolutely proper and in the order of things that these people should be restored wherever it is possible without doing any violence to anybody else. I am bound to recognize one aspect in the argument of my hon. Friend, Sir K. V. Reddi. It is one thing to say that these officers should be restored and it is quite another thing to say that they should be restored in each and every case to the detriment of other people who are discharging their duties as permanent officials for the last fifteen or eighteen years. Individual cases have to be looked into on each and every occasion when the matter properly arises and we should not give effect to these orders quite indiscriminately and thus make things difficult on that score. These are hereditary officers and for no fault of theirs, their successors whose rights would otherwise exist unimpaired, naturally have become jeopardized. Now the policy of the Government has been before the public for over a year. Has anybody raised any objection that that policy tends to undermine the prestige of the Government in the eyes of the public? No. If that policy has been going on and many people have been restored and some people still remain to be restored, there is no use of raising the difficulty at this stage. It is proper that we should validate the matter."

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR :—" Sir, though I belong to the Opposition, I congratulate the Hon. the Revenue Minister for bringing in this Bill. Though I disagree with my hon. Friend, Mr. Rangaswami Ayyangar, in thinking that this Government is not a continuation of the old Government, yet I think any wrong done by the past Government must be rectified by this Government. There are many police officers especially in the Police Department, whose promotions were withheld on account of their sympathy towards the Non-co-operation movement or the Congress movement or the national movement. Such cases are many. I appeal to the Hon. Minister to go into

their cases and see, if any wrong has been done to them by removing them from service in the past, that the place which rightly belongs to them is restored to them."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—
"I am sorry I am not able to agree with some of my friends. By introducing this legislation, the Congress Government is setting up a very bad and dangerous precedent. The one redeeming feature which the Government service had is the security of service: that security is being taken away now by this Bill. It is amusing to note that in the Statement of Objects and Reasons, the Government state that they are bringing this measure to establish an atmosphere of contentment and peace. It is not clear what the Government mean thereby. Do they think that those misguided persons and their families alone are entitled to contentment and peace? Is it not their duty to see that all people live in contentment and peace? The Congress Government may wish to set right the injury done to those misguided persons by their ill-considered propaganda; but it is not in the interest of justice and fair play. Is it not necessary that the Government should protect the persons who came to accept the jobs when those in office defied the Government established by law? The only justification or excuse for this proposal of the Government is the fact that these men whom the Government now seem to benefit, were politically the partisans of the Congress Party and they, at the instigation of the members of the Congress Party, defied their then legitimate superiors and paid the penalty therefor and that now, when the Congress Party is in power, it espouses their cause and restores them to the position which they had forfeited in due course of law. The Bill seeks to restore not only the persons who were removed by the authorities but also the person who voluntarily resigned.

"Have the Government considered for a moment the inevitable consequences or reaction to giving effect to such an unhealthy policy? Even the Congress Ministry of Madras should vacate their places on the Treasury Bench in favour of their political opponents. Are they not, by this proposal of theirs giving the Opposition an incentive, nay making it inevitable, if they are to retain the support of the rank and file, that they should undo all the doings of the Congress Party during their tenure of office? My Friend Mr. Narayanaswami Nayudu asked whether he can tell the electorate that they will compensate the sufferers due to the anti-Hindi movement. I say it is our duty to see that the thousand and odd persons who have been incarcerated by you in connexion with the anti-Hindi movement are amply compensated for all the hardships that they have been subjected to and to see that the many officials who are now being victimized under one pretext or another have their rights and privileges fully restored to them.

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"*Let me, therefore, request the Government to be warned in* time so that they may retrace their steps and drop this proposal which is fraught with the most dangerous consequences."

* THE HON. SRI T. PRAKASAM :—" Sir, in spite of the controversy raised by the hon. Member Sir K. V. Reddi, I must thank *hon. Members of this House for the way in which they* have levelled their criticisms against the Government. Although it is popularly called the Congress Government, I may point out that the present Government, though returned under the Congress auspices by the Congress voters as well as non-Congress voters, should not be strictly understood to be a Congress Government governing only any particular section of the people of this Province. Though pledged to the Congress ideals, any Government when it comes into power, must do justice between man and man without allowing themselves to be carried away by the old prejudices or the new prejudices or party feelings. It should not be the idea, when a certain party comes into power, that their Government is intended to govern their own people leaving the rest of the people to the winds. It is in that sense that I started saying that this measure might not be controversial.

" The fight that I referred to was started in 1921 and had continued for such a long time. But it was not a party fight. It was not a fight that was intended to secure a few offices for those who are sitting to-day here by some chance on the Treasury Bench; it was not a fight intended to secure offices for any particular community or for any particular section or for any particular individuals. It was a national fight; it was a fight between the people of this country and a foreign Government that had a very humble origin. It would be very wrong if one wanted to show that the Congress started only twenty years back and that it has achieved even this partial result only since twenty years back. It started 52 years back. It had a very humble origin. The best men and leaders in the country started the movement and laboured hard, worked in different stages and appealed to the Government in the most constitutional manner on which Sir K. V. Reddi laid so much stress. They sent memorials; they waited on deputations. They chose an Englishman—Sir Henry Cotton—as President of the Congress believing that an Englishman would get the ear of Lord Curzon. But Lord Curzon deserted him when he approached him. A very big fight has been carried on in this country. It has been the privilege of the people of all classes—I am speaking not of particular classes of people—in this country to have withstood for such a long time and to have survived to the end. In the end it fell to the Congress which came under the leadership of that one man who is also not spared in these days. He does not wish to become a Prime Minister or a Minister or hold any office. Even he is not spared. That is due to a mistake. I do not quarrel over it. I hope that all 1
past differences and party differences in election fights or even P.

otherwise in the struggle for jobs or offices, will be forgotten. Only one point should be kept before the minds of hon. Members of this House. But there was some misunderstanding on the part of Sir K. V. Reddi Nayudu. I did not expect him to take the view he took on this matter. One hundred and ninety-seven people have been restored until now. Members of all communities including Muslims have been restored. . . ."

S. K. AHMED MEERAN SAHIB BAHADUR :—" What is the significance of this point? Nobody raised the question, Hindus versus Muslims."

* THE HON. SRI T. PRAKASAM :—" It is a proper question which the hon. Member has raised. The significance is this. Karnams and village munsifs are supposed to belong to a particular community. It is not so. I wanted to point out such points should not be allowed to come before anybody's mind . . ."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" May I know how many Muslims were restored? "

* THE HON. SRI T. PRAKASAM :—" The Leader of the Opposition is vigilant when a question of office comes and he asks, what is the number. Supposing all the offices are given into the hands of the Leader of the Opposition, will he be able to govern this country? Will it give food and clothing to the poor people of this Province? "

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" The Hon. Minister laid stress on the number of Muslims restored. I wanted to know their number."

* THE HON. SRI T. PRAKASAM :—" I never laid any stress on communal principles. I am very sorry, I regret and apologize to the hon. Member, the Leader of the Opposition. I should not have referred to that point. But the atmosphere is so surcharged day after day, hour after hour, both in this House and in the other House with regard to these offices and jobs and nothing else. That is a thing that pains me. We must leave aside these things. These things do not count for anything. It is agriculture that should be developed; it is trade that should be developed. Other professions should be developed; these professions and avocations can give food to the people at large and not a few offices, whatever they may be, either ministerial offices or the most menial toti service. I must ask the hon. Member, the Leader of the Opposition and other Members to forgive me for having referred to this point. This point is very far from any of those points.

" I submit it was a national fight that was carried on; it was a national fight that was started 52 years ago; it was taken up by great leaders and it has continued. The hon. Member, Sir K. V. Reddi Nayudu, wanted to repudiate any responsibility for the movement during the last twenty years. He wants to assert

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to-day, in the year 1939, in the month of May that the present Government has come into office and the present changes have taken place due to the constitutional co-operation of those who preceded the present Government . . ."

DR. SIR K. V. REDDI NAYUDU :—" The Hon. Minister has misunderstood me. I simply stated that they have come in constitutionally."

* THE HON. SRI T. PRAKASAM :—" I thank Sir K. V. Reddi Nayudu for correcting me. It is said, Sir, that these men who have been restored now, have acted unconstitutionally, they were guilty of indiscipline, their conduct was unpardonable and that they deserve no consideration. They ought not to have been restored."

DR. SIR K. V. REDDI NAYUDU :—" I did not say they did not deserve consideration. I said the persons who would be ousted now must be given compensation in appropriate cases."

* THE HON. SRI T. PRAKASAM :—" Sir K. V. Reddi Nayudu says: ' I concede that these arch-criminals who are sitting in the Treasury Benches to-day, who had courted imprisonment and who had defied laws, can occupy those places. I have no objection for that. But why should these men be restored? ' The hon. Member is mistaken in thinking so. If these arch-criminals who led the armies succeeded to any extent, it was due to the labours of these men and not merely to the leaders at the top or in the arm-chair. It is these men that helped them. Even the sentiments of these village officers have become rusty for the last 150 years or 200 years, whatever period it may be. They opened their eyes and fought for the country, for the freedom of the country. They joined the rank and file of the army; they constituted members of the army. After the battle, after the result of the battle, it is the duty of those who have come to office to help these people. It does not matter whether it was a non-violent battle or a violent battle; it makes no difference. Here are the men who were responsible for placing the present Government in office. Here are the men who served the nation really and not the opponents of the nation at that time. It is for that reason that the Government have brought forward this Bill. However much you may differ in politics, however much you may argue as a party against this Government, on such occasions, on such national questions, there should be no difference of opinion between hon. Members who take an opposite view in ordinary matters and ourselves. They have not only served this Government which has come into office to-day, but they have served the whole nation. Therefore they deserve the sympathy and support of all hon. Members of the House leaving aside party politics. I request the House to take the Bill into consideration."

The motion was put and carried and the Bill was taken into consideration.

Clauses 2, 3 and 4 were put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

* THE HON. SRI T. PRAKASAM :—" I move, Sir—

'*that the Bill be passed into law.*' "

The motion was put and carried and the Bill was passed into law.

(5) THE MADRAS CHILDREN (AMENDMENT) BILL, 1939 (L.A. BILL NO. 16 OF 1939) AS PASSED BY THE ASSEMBLY.

* THE HON. DR. P. SUBBARAYAN :—" Mr. President, Sir, I move—

'*that the Bill further to amend the Madras Children Act, 1920, for certain purposes* (*L.A. Bill No.* 16 *of* 1939) *as passed by the Assembly be taken into consideration at once.*'

" This measure has been introduced for the reason that some power is necessary to be given to the Chief Inspector as well as the Government in order to take children from schools in other Provinces to schools of this Province and to send children from schools of this Province to schools of other Provinces. I hope hon. Members will assent to take this Bill into consideration now."

The motion was put and carried and the Bill was taken into consideration.

Clauses 2, 3 and 4 were put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

* THE HON. DR. P. SUBBARAYAN :—" I move now—

'*that the Bill be passed into law.*' "

The motion was put and carried and the Bill was passed into law.

III.—MOTIONS.

(1) AMENDMENTS TO SCHEDULE IV OF THE MADRAS DISTRICT MUNICIPALITIES ACT, 1920.

(i)

THE HON. SRI B. GOPALA REDDI :—" Sir, I move—

'*that the following draft of certain rules proposed to be made by the Government of Madras under section* 305 *of the*

* Printed as Appendix II on pages 343–344 infra.

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Madras District Municipalities Act, 1920 (Madras Act V of 1920), altering Schedule IV to that Act be approved :—

DRAFT RULES.

1. *To rule 9 of the said schedule, the following provisos shall be added, namely :—*

"*Provided that in every case where there is an enhancement in the assessment, the executive authority shall also cause intimation thereof to be given by a special notice to be served on the owner or occupier of the property concerned;*

"*Provided further that in every case where a special notice is required to be served on the owner or occupier under the first proviso, the period of sixty days and thirty days referred to in this rule shall be calculated from the date of service of such special notice.*"

2. *In sub-rule (2) of rule 14 of the said schedule, the following words shall be added at the end, namely :—*

"*or, in a case where a special notice is required to be served on the owner or occupier of the property under the first proviso to that rule, on the first day of the half-year following that in which such special notice is served on the owner or occupier of the property*".'

MR. PRESIDENT :—" Is Mr. Saldanha going to move his amendment? " 1.3 p.m.

* MR. J. A. SALDANHA :—" Yes, Sir; I move the amendment standing in my name, in the interests of the tax-payer, especially of the town of Mangalore to which place I belong.

The amendment reads thus—

'*Add to the provisos the following :—*

"*These provisions will have retrospective effect on all pending proceedings including appeals for an enhancement in the assessment, so that fresh notices shall be issued as required by these provisos*".'

" Sir, just now in the town of Mangalore assessment of property tax is being revised by the municipal authority. The municipal authority has issued the notices according to the old custom. Sir, the municipal office in Mangalore is situated at one end of the town—near the river—while the rest of the town, i.e., a large part of the town lies in an area of five or six square miles away from the municipal office. So, although the municipality has issued the usual notices, the majority of the people in Mangalore do not know what has been published by the municipality. Besides, they have also published the notices in the principal

newspapers. But, by far the majority of the people do not read newspapers; they are only poor people in Mangalore. Although most of the people in Mangalore are literate, they do not read newspapers, because they cannot subscribe for them. And when the people raise an objection, they have to say 'such and such ward' and people do not know the actual extent of each ward; they must know the wards only by numbers. For the last three years or so, only numbers are being given, and the old eight wards have now been converted into sixteen wards; with the result that people have to find out the number of the ward in which they are actually living. Therefore, many people do not know that there has been any notification of revised assessment. I am not going to say anything against the way of assessment, because that is quite a different matter. I may say that a mass meeting was held at which I was asked to preside by the people. We strongly protested against the arbitrary manner in which taxes have been increased and also against the procedure that has been adopted. I thank the Hon. the Minister for Local Self-Government for having brought forward this amendment to the rules, so that notice may be given to the owner of a house in due time of the enhancement. This rule is a very welcome one. What I urge is that as proceedings are pending, and as during the months of May and June objections will be heard, these proceedings be annulled and fresh notices be issued to every house-owner. It is well known that nowadays the owners have got many troubles on account of having to bear different kinds of taxes, such as, for instance, the land tax, the profession tax, etc., and to add to all these things, there is the education tax to be imposed, probably under the orders of the Government. I therefore say that in enforcing these benevolent provisions which have been brought in, retrospective effect may be given to them and move my amendment, Sir, and I hope that the Hon. Minister and the Government will accept the same."

SRI RAO BAHADUR M. RAMAN :—"I second it."

THE HON. SRI B. GOPALA REDDI :—"Sir, it is in order to avoid the difficulties put forward by the hon. Member that I have brought forward this amendment. With regard to giving restrospective effect to the provisions, it is difficult and undesirable to reopen cases where the revised assessments have been given effect to. Where they have not been given effect to . . ."

MR. J. A. SALDANHA :—"On a matter of personal explanation, Sir. They have not been given effect to in Mangalore. The cases are going on, and they are all to be decided in the months of May and June. The revised assessments are to be finally fixed by the Commissioner or the municipality only after hearing all the appeals in these two months. So, they are all still pending."

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THE HON. SRI B. GOPALA REDDI :—" I was just coming to that. Where they have not been given effect to, they will come into effect only from 1st October 1939, and by that time these rules will be published and gazetted; and the benefit of this amendment will be given to all those people on whom fresh notices will be served. So, in one case, it is undersirable to accept the amendment, while in another case the benefit of the amendment is going to be given to these people. I therefore beg to submit that the amendment is superfluous. I am not therefore accepting it."

The amendment was put and lost.

The original motion was put and carried.

(ii)

THE HON. SRI B. GOPALA REDDI :—" Sir, I beg to move—

'*that the following draft of a rule proposed to be made by His Excellency the Governor of Madras under section 305 of the Madras District Municipalities Act, 1920 (Madras Act V of 1920), altering Schedule IV to that Act, be approved* :—

DRAFT RULE.

In the said schedule—

(i) *for clause (a) of rule 57 the following clause shall be substituted, namely* :—

" (a) *by summons in writing, require the production of any book, deed, contract, account, voucher, receipt or other document the perusal or examination of which they consider necessary.*"

(ii) *in sub-rule* (1) *of rule* 60 *for the words* " *deficiency or loss incurred* " *the words* " *deficiency, loss or unprofitable outlay incurred* " *shall be substituted.*

(iii) *rule* 61 *shall be renumbered as sub-rule* (1) *of that rule and to the rule as so renumbered the following sub-rule shall be added, namely* :—

" (2) *From any decision of the court under clause (a) of sub-rule* (1), *an appeal shall lie to the High Court* " ; *and*

(iv) *after rule* 62 *the following rule shall be added, namely* :—

" 63. *Notwithstanding anything contained in these rules the Provincial Government may at any time direct that the recovery of the whole or any part of the amount certified to be due from any person by auditors under this Act shall be waived if, in their opinion, such a course is necessary considering all the circumstances of the case.*"

(2) AMENDMENT TO SCHEDULE V OF THE MADRAS LOCAL BOARDS ACT, 1920.

THE HON. SRI B. GOPALA REDDI :—" Sir, I beg to move—

> ' *that the following draft of a rule proposed to be made by His Excellency the Governor of Madras under section* 201 *of the Madras Local Boards Act,* 1920 (*Madras Act XIV of* 1920), *altering Schedule V to that Act be approved* :—

DRAFT RULE.

> *In sub-rule* (2) *of rule* 8 *of Schedule V to the Madras Local Boards Act,* 1920 (*Madras Act XIV of* 1920)—
>
> (i) *in clause* (*a*) *for the words* " *with the sanction of the district board,*" *the words* " *with the sanction of the Inspector of Local Boards* " *shall be substituted; and*
>
> (ii) *in clause* (*b*) *for the words* " *with the sanction of the district board and subject to such conditions as to security or otherwise as the district board may lay down,*" *the words* " *with the sanction of the Inspector of Local Boards and subject to such conditions as to security or otherwise as he may lay down* " *shall be substituted.*'

" Sir, this is with regard to the deposit of panchayat boards' money. Sometimes when the matter is referred to the district board, unnecesary delay is caused, and it has given rise to some misappropriation also in some cases. In order to avoid the difficulty, we are empowering the Inspector of Local Boards to sanction the panchayat boards depositing their moneys either in the co-operative societies or in savings banks. For this purpose an amendment is needed, and I am accordingly moving it."

The motion was put and carried.

IV.—NON-OFFICIAL BILL.

THE MAPPILLA MARUMAKKATTAYAM BILL (L.A. BILL NO. 8 OF 1937) AS PASSED BY THE ASSEMBLY.

* SYED ABDUL WAHAB BUKHARI SAHIB BAHADUR :—" Mr. President, I move—

> ' *that the Mappilla Marumakkattayam Bill* [a] (*L.A. Bill No.* 8 *of* 1937) *as passed by the Assembly be taken into consideration at once.*'

" Sir, in doing so, I wish to point out that this Bill, though very important to the community, affords a very sharp contrast to the heated discussions that we have had to-day on the other Bills. It is a measure of purely religious reform and affects Mussalmans only. This Bill seeks to bring all the Mappillas

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[a] Printed as Appendix III on pages 945-950 infra.

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residing in Malabar and having property in Malabar and outside, under the Islamic law of inheritance. We all know, Sir, that the Mappillas are an intensely religious group and it was an anomaly that so far they have allowed themselves to be governed by the Marumakkattayam law, according to which the inheritance devolves in the female line. This anomaly as it apparently is, caused great consternation among the community, resulting in agitation of great magnitude. As a result of it came the Moplah Succession Act of 1918 according to which it was conceded that although the inheritance devolved on the female line, it was left to the individual to divide his private self-acquired property according to the law of Islam. But in the actual working of that Act, it was found that the enactment was shelved and that custom had the upper hand, and that property was being divided mostly according to the Marumakkattayam system. There was an agitation against this anomaly. There was a complaint that 1
the law of 1918 and the Moplah Succession Act were not properly P
given effect to and that its spirit was not followed. There was great agitation and it culminated in the All-Kerala Muslim Conference of 1918 presided over by that veteran leader, Sir Muhammad Habib-ul-lah. Resolutions were passed urging upon the Muslim M.L.Cs. to get *shariat* Bills passed. As a result of that Mr. Schamnad of Kasargod brought in the Moplah Wills Act according to which an individual was allowed to distribute a third of his property according to the Islamic law. Later on, it was felt that this also was not satisfactory and therefore, it was that in 1932 the All-Kerala Muslim Sangam met under my presidency and demanded an Act to bring all the Mappillas of Malabar under the Islamic law of inheritance. It is probably due to that fact that my Mappilla friends have thought it fit to allow this Bill to stand in my name. This in short is the old story of this Bill and I am very thankful to the Government for having included it in the agenda of an official day and facilitated its passage to the Statute Book.

"I beg to state that this is a very beneficent measure. It enjoins upon all the Mappillas as far as the law of inheritance is concerned, to observe the Islamic law. This law brings in many ameliorative measures with regard to the karnavans; it enjoins upon them to keep an inventory of all the articles in their charge; it enjoins upon them the necessity of giving proper maintenance to the various members belonging to the tarwad. In short, it is a measure calculated for the good of the Mappilla community in general. The one thing that is peculiar to the Bill is that it is not binding upon all the people to follow the Islamic law for there is a provision in the Bill according to which if two-thirds of the members of that tarwad want to maintain the system of marumakkattayam, they can follow it and it is not forced down their throats. If two-thirds of the members of

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that family are for the acceptance of the marumakkattayam law of inheritance, they can follow it. The choice is left to the individual tarwads. On the other hand if two-thirds want to follow the Islamic law, it is open to them to adopt it. There is a wide choice left to the members of the community and it is a beneficent measure. I do feel, therefore, that the House will have no difficulty in giving the consideration it deserves to this Bill."

* KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR :—"Mr. President, coming as I do from Malabar and being a Mappilla and having suffered on account of the want of such a beneficent measure like this, I strongly support the measure. I do not want to make a long speech and detain the members. I will with a few words convince members of this House that it is a very necessary measure. Hon. Members may perhaps know the marumakkattayam system of inheritance but they may not be aware of the defects of the working of that system. The karnavan who is the seniormost male member or in some cases the seniormost female member of the family takes the whole income of the family, buying properties and giving jewels to their own children neglecting the poor members of the family. My father belongs to a family which has got properties not only in Malabar but in Bombay and other Presidencies. Many of the tavazhies have almost all lost all the properties on account of the mismanagement of the karnavans. For instance, the very tavazhi in which my children are members has now been reduced to such a position that though their properties were scattered all over Malabar—in Calicut there were 300 items of properties—now there is not enough for their maintenance. These are all duje to the mismanagement of the karnavan who is now continuing. He only enters the house when there is any ceremony. There are karnavans who have not whitewashed the tarwad houses for fifteen years. I think that such a state of affairs would be remedied under the beneficent provisions of this measure. I support the motion."

The motion was put and carried and the Bill was taken into consideration.

Clauses 2 to 27 were put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

* SYED ABDUL WAHAB BUKHARI SAHIB BAHADUR :—"I move—

'*that the Bill be passed into law.*'"

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR :—"I second it."

The motion was put and carried and the Bill was passed into law.

The House then adjourned to meet again at 11 a.m. the next day.

APPENDIX I.

[*Vide item* II (2) *at page* 318 *supra.*]

L.A. BILL No. 15 OF 1939.

(As passed by the Assembly)

A Bill to validate the restoration of village officers who lost their offices by reason of their association or connexion with political movements.

WHEREAS certain village officers in the Province of Madras or their registered heirs lost their offices or their right to the offices by reason of their association or connexion with political movements;

AND WHEREAS by reason of the Madras Proprietary Estates' Village-service and the Hereditary Village Offices Temporary Amendment Act, 1922, the hereditary right to the offices, of the undivided members of the families of certain village officers who had lost their offices as aforesaid has ceased; [Madras Act III of 1922.]

AND WHEREAS it is desirable now to restore the position which would have obtained if the officers or heirs aforesaid had not lost their offices or their right thereto and thereby establish an atmosphere of contentment and peace;

AND WHEREAS some doubts have been raised as to the validity of certain orders already passed by the Provincial Government in pursuance of the aforesaid policy; and it is expedient to remove such doubts and validate all orders which have been so passed or which may hereafter be passed by the Provincial Government on the subject;

It is hereby enacted as follows:—

Short title.

1. This Act may be called the Madras Restoration of Village Officers (Validation) Act, 1939.

Validation of certain orders restoring, etc., village officers in certain cases.

[Madras Act I of 1894. Madras Act II of 1895.]

2. Notwithstanding anything contained in the Madras Proprietary Estates' Village-service Act, 1894, or in the Madras Hereditary Village Offices Act, 1895, or in any decree or order passed in any suit, appeal, application, or revision or other proceeding (whether instituted, made, or taken under the Acts aforesaid or not), every order which has been, or which may hereafter be, passed by, or on the direction of, the Provincial Government—

(*a*) restoring a village officer who, by reason wholly or partly of his association or connexion with any political movement had been

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removed or dismissed from his office, or had resigned therefrom, or had otherwise in any manner whatsoever ceased to hold the same; or

(*b*) appointing to the office or registering as entitled thereto the heir of any such village officer or of any person who in the ordinary course of events would have succeeded to the office or been registered as entitled thereto; or

(*c*) appointing to a village office any person who, by reason wholly or partly of his association or connexion with any political movement, had declined to accept the office or had been declared ineligible therefor; or

(*d*) appointing to the village office or registering as entitled thereto, the heir of any such person or of any other person who, in the ordinary course of events, would have succeeded to the office or been registered as entitled thereto; or

(*e*) directing the removal of any person from a village office in consequence of an order of the nature referred to in clause (*a*), (*b*), (*c*), or (*d*) above,

shall be valid and be given effect to according to its tenor, and no such order shall be called in question in any Court of law.

Declaration by Government to be conclusive proof.

3. If the Provincial Government declare that any order passed by them is of the nature referred to in section 2, such declaration shall be conclusive proof thereof, and all Courts shall take judicial notice of the same.

Provision for suits instituted and decrees passed before Act, etc.

4. (1) Every suit, appeal, application, or revision or other proceeding instituted, made or taken before the commencement of this Act for a declaration that any order of the nature referred to in section 2 is invalid or for any relief based on such invalidity shall be dismissed by the Court or other authority concerned.

(2) If before the commencement of this Act any decree or order has been passed in any such suit, appeal, application, or revision or other proceeding, which is inconsistent with the provisions of section 2, the Court or other authority concerned shall, on the application of any person affected by such decree or order, whether or not he was a party thereto, vacate the decree or order and pass a fresh decree or order which shall be in conformity with section 2 aforesaid.

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APPENDIX II.

[Vide item II (3) at page 334 supra.]

L.A. BILL No. 16 OF 1939.

(As passed by the Assembly.)

A Bill further to amend the Madras Children Act, 1920, for certain purposes.

Madras Act V of 1920. WHEREAS it is expedient further to amend the Madras Children Act, 1920, for the purposes hereinafter appearing; It is hereby enacted as follows:—

1. This Act may be called the Madras Children (Amendment) Act, 1939. Short title.

2. To sub-section (1) of section 33 of the Madras Children Act, 1920 (hereinafter referred to as the said Act), the following proviso shall be added, namely:— Amendment of section 33, Madras Act IV of 1920. Madras Act V of 1920.

"Provided that the chief inspector may exercise the powers conferred on the managers of the school by this sub-section if, in his opinion, there will be delay in obtaining the orders of the managers and such delay will be prejudicial to the interests of the youthful offender or child concerned. A copy of every order made under this proviso shall be communicated forthwith to the Provincial Government and another copy shall be communicated as soon as may be to the managers of the school."

3. In section 35 of the said Act, after sub-section (2), the following sub-section shall be inserted, namely:— Amendment of section 35, Madras Act IV of 1920.

"(2-A) The powers conferred on the Provincial Government by clauses (*a*), (*b*), (*c*) and (*d*) of sub-section (2) may also be exercised by the chief inspector. A copy of every order passed by the chief inspector under this sub-section shall be communicated forthwith to the Provincial Government with full information regarding the age of the youthful offender or child, the language spoken by him, and such other particulars relating to him as may be prescribed."

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Insertion of new section 35-A in Madras Act IV of 1920.

4. After section 35 of the said Act, the following section shall be inserted, namely :—

Transfers between certified schools and schools of like nature in different parts of British India.

"35-A. (1) The Provincial Government may, generally or specially, notify in the Official Gazette that any specified certified school situated in the Province of Madras shall be available for the reception of children, young persons and youthful offenders directed to be sent to a certified school, reformatory school, or other school of a like nature, by any Court or Magistrate in any other part of British India; and thereupon provision may be made for the removal of the children, young persons and youthful offenders concerned accordingly :

Provided that no notification shall be published under this sub-section without the consent of the Provincial Government of the part of British India concerned.

(2) The Provincial Government may direct any child, young person or youthful offender to be transferred from any certified school in the Province of Madras to any certified school, reformatory school, or other school of a like nature in any other part of British India :

Provided that no one shall be transferred under this sub-section without the consent of the Provincial Government of the part of British India concerned.

(3) The Provincial Government may consent to the transfer to a certified school under this Act, of a child, young person or youthful offender detained in any certified school, reformatory school, or other school of a like nature in any other part of British India, and upon such transfer the provisions of this Act shall apply to such child, young person or youthful offender as if he had been originally ordered to be sent to a certified school under this Act."

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APPENDIX III.

[Vide item IV at page 338 supra.]

L.A. BILL No. 8 OF 1937.

(As passed by the Assembly.)

The Mappilla Marumakkattayam Bill.

WHEREAS it is expedient to define and amend in certain respects the law relating to family management, partition and succession among the Mappillas following the Marumakkattayam Law; It is hereby enacted as follows:—

CHAPTER I—PRELIMINARY.

1. (*a*) This Act may be called the Mappilla Marumakkattayam Act, 1938. **Short title**

(*b*) It shall apply to all Mappillas following the Marumakkattayam Law, who are either domiciled in the Province of Madras, or have property situate within the Province of Madras. **Extent**

2. In this Act, unless there is anything repugnant in the subject or context,— **Definition**

(*a*) "Anandravan" means any member of a tarwad or tavazhi, as the case may be, other than the karnavan.

(*b*) "Karnavan" means the oldest major male member of a tarwad or tavazhi, as the case may be, in whom the right to management of its properties vests or in the absence of such a male member, the oldest major female member; or where by custom or family usage, the right to such management vests in the oldest major female member, such female member.

(*c*) 'Major' means a person who has attained eighteen years of age.

(*d*) "Marumakkattayam" means the system of inheritance in which descent is traced in the female line.

(*e*) 'Minor' means a person who has not attained eighteen years of age.

(*f*) "Tarwad" means a joint family which includes all its members with community of property governed by the Marumakkattayam Law.

(*g*) "Tavazhi" means a branch of a tarwad consisting of a female, her children and all her descendants in the female line.

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CHAPTER II—TARWAD AND ITS MANAGEMENT.

Duty of the karnavan to maintain an inventory.

3. The karnavan shall maintain a true and correct inventory of all the movable and immovable properties belonging to the *tarwad*.

Duty of the karnavan to keep accounts.

4. The karnavan shall keep true and correct accounts of the income and expenditure of the tarwad.

Right of anandravans to inspect inventory and accounts.

5. (1) The inventory and the accounts of each year of the Malabar Era, shall be available for inspection at the tarwad house by the major anandravans throughout the month of Vrischikam following such year, and any such anandravan may take copies of or extracts from the same.

(2) If the inventory or accounts are not made available for inspection as provided for in sub-section (1), the Court of a District Munsif having jurisdiction over the place where the tarwad house is situated may, on application by any major anandravan, and after notice to the karnavan, pass an order causing the inventory or accounts to be produced in court and allowing the anandravan to inspect, or to take copies of or extracts from, such inventory or accounts.

Right of every member for maintenance.

6. Every member of a tarwad whether living in the tarwad house or not, shall be entitled to maintenance consistent with the income and the circumstances of the tarwad.

Investment of surplus income.

7. Any surplus left out of the income of a tarwad after providing for the customary or legitimate expenses of the tarwad including charges pertaining to the education, marriage, or death of the members of the tarwad, and the charges necessary for zakat and the proper maintenance or upkeep of the tarwad properties, shall be applied by the karnavan in the purchase of immovable property for the tarwad or otherwise invested to the best advantage of the tarwad.

Alienation of immovable property by karnavan.

8. (1) Except for consideration and for tarwad necessity or benefit and with the written consent of the majority of the major members of the tarwad, no karnavan shall sell immovable property of the tarwad or mortgage with possession or lease such property for a period exceeding twelve years.

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(2) No mortgage with possession or lease with premium returnable wholly or in part of any such property executed by a karnavan for a period not exceeding twelve years, shall be valid, unless such mortgage or lease is for consideration and for tarwad necessity or benefit.

(3) Nothing contained in this section shall be deemed to restrict the power of the karnavan to grant in the usual course of management, for a period not exceeding twelve years, any lease without premium returnable wholly or in part or the renewal of an existing kanom.

Debt contracted by karnavan when binding on tarwad.

9. No debt contracted or mortgage without possession executed by a karnavan shall bind the tarwad unless the debt is contracted or the mortgage is executed for tarwad necessity.

Immovable property when liable for attachment or sale for maintenance.

10. No immovable property of the tarwad shall be liable to attachment or sale in execution of any decree obtained by an anandravan for maintenance, until after the decree-holder has exhausted his remedies, if any, against the personal property of the karnavan or the income of the tarwad property.

Right to remove karnavan by suit.

11. An anandravan may institute a suit in a civil court for the removal of a karnavan—

(*i*) for any malfeasance, misfeasance, breach of trust or neglect of duty in respect of the tarwad;

(ii) for any misappropriation or improper dealing with the income or the properties of the tarwad;

(iii) for unsoundness of mind or any physical or mental infirmity which unfits him for discharging the functions of a karnavan;

(iv) for persistent default in the maintenance of the inventory referred to in section 3 or the accounts referred to in section 4 or in making them available for inspection by the anandravans under section 5; or

(v) for any other sufficient cause which, in the opinion of the court, makes his continuance as karnavan injurious to the interests of the tarwad.

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Relinquishment of right of management by karnavan.

12. Any karnavan may, by a registered document, give up his right of management.

CHAPTER III—PARTITION.

Right of individual members to claim partition.

13. Any individual member of a tarwad may claim to take his or her share of the properties of the tarwad over which the tarwad has power of disposal and separate from the tarwad.

Right of tavazhi to claim partition.

14. Two or more members belonging to the same tavazhi, may claim to take their share of the properties of the tarwad over which the tarwad has power of disposal, separate from the tarwad, and enjoy the same jointly, with all the incidents of tarwad property.

Representation of minor in claim to partition.

15. For purposes of sections 13 and 14, a minor member of a tarwad shall be represented by his or her mother and in the absence of the mother, by his or her guardian under the Islamic Law.

Partition of tarwad house.

16. In a partition of tarwad properties, unless two-thirds of the members of the tarwad desire to the contrary, the tarwad house including the site or sites of any building appurtenant thereto and such other land as is necessary for the convenient enjoyment of the tarwad house shall be kept undivided for the common use of all the members of the tarwad, in which case, the charges of upkeep and maintenance of the tarwad house shall be borne by the member or members that live in the house :

Provided that where such house is no longer used or required for purposes of residence or is continually neglected, such house, site or sites and land may be divided among the members of the tarwad entitled thereto.

Ascertainment of share at partition.

17. In case of a division under section 13 or section 14, the individual member, or the members of the tavazhi as the case may be, shall be entitled to such share or shares of the tarwad properties as would fall to such individual member or to such members, if a division *per capita* were made among all the members of the tarwad then existing.

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18. Succession to the property obtained by an individual member on partition shall be governed by the Islamic Law of inheritance. Subsequent devolution of the property.

19. The provisions of this chapter shall not apply to the Arakkal family or to the stanom properties of the Ali Rajas of Cannanore. Exemption of Arakkal family from partition.

CHAPTER IV—REGISTRATION OF TARWADS.

20. (1) If within a year from the passing of this Act not less than two-thirds of the major members of a tarwad present a petition to the Collector of the district in such form and with such particulars as may be prescribed he shall, after satisfying himself that not less than two-thirds of the major members of the tarwad consent and desire the registration of the tarwad as impartible, register the tarwad as impartible. Registration as impartible tarwad.

(2) On such registration the provisions of Chapter III shall not apply to such tarwad unless and until the registration is cancelled under section 21.

(3) During the pendency of a petition under sub-section (1) of this section, all proceedings in court if any under Chapter III shall be stayed.

21. (1) If at any time after the registration of a tarwad as impartible, not less than two-thirds of the members of the tarwad present a petition to the Collector in such form and with such particulars as may be prescribed for the cancellation of such registration the Collector shall, after satisfying himself that not less than two-thirds of the major members of the tarwad consent and desire the cancellation of the registration, cancel such registration. Cancellation of registration.

(2) On such cancellation the provisions of Chapter III shall apply to such tarwad.

22. The Collector shall, for the purposes of this chapter, have the same powers as are vested in a court under the Code of Civil Procedure, 1908, when trying a suit in respect of the following matters, namely :— Collector's powers.

(a) enforcing of attendance of any person and examining him on oath or affirmation;

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(*b*) compelling the production of documents; and

(*c*) issuing commissions for the examination of witnesses;

and any proceeding before the Collector under this chapter shall be deemed to be a judicial proceeding.

Collector's order to be final.

23. The order of the Collector registering a tarwad as impartible under section 20 or cancelling such registration under section 21, shall be final and shall not be questioned in any civil court.

Collector to maintain a register.

24. The Collector shall keep a register of all petitions presented to him under sections 20 and 21 and of all orders passed by him on such petitions and shall on payment of the prescribed fee, give a copy, certified under his hand, of any entry therein.

CHAPTER V—GENERAL.

Chapters II and III to apply to tavazhi.

25. The provisions of Chapters II and III shall apply to every tavazhi possessing separate properties as if it were a tarwad.

Provincial Government to make rules.

26. The Provincial Government may make rules consistent with this Act to carry out the provisions thereof and these rules shall have effect as if enacted in this Act from the date of publication of the same in the *Fort St. George Gazette.*

Savings.

27. Nothing contained in this Act shall be deemed to affect the provisions of the Mappilla Succession Act, 1918, or of the Mappilla Wills Act, 1928 or of any law or custom or usage except to the extent expressly laid down in this Act.

THE MADRAS LEGISLATIVE COUNCIL.

Wednesday, 17th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

THE MADRAS GENERAL SALES TAX BILL, 1939 (L.A. BILL No. 11 of 1939) AS PASSED BY THE ASSEMBLY.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I beg to move—

> ' *that the Madras General Sales Tax Bill,* 1939 (*L.A. Bill No.* 11 *of* 1939) [a] *as passed by the Assembly be taken into consideration at once.*'

" Hon. Members are aware of the objects and the reasons . . . "

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" On a point of order, Sir, is it not necessary that the rule requiring three days' notice should be suspended?"

THE HON. SRI C. RAJAGOPALACHARIAR :—" There is no necessity for that."

*SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—"Then I raise a point of order. Under Rule 102 I raise it. The Bill was validly laid on the table of this House only on Monday; therefore there has not been given three clear days' time before the consideration of the measure is taken up. So I beg to submit the Hon. Premier is not entitled to move his motion unless the President has otherwise directed or the rules are suspended. I want your ruling, Sir, on this point."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" This sitting of the House, I presume hon. Members are aware, is specially to deal with these measures, and for that reason, notices were given, and copies of the Bill as well as copies of the Select Committee's report were sent to all hon. Members, and hon. Members were kept in touch with the progress of the Bill many days before this sitting. I am referring to all this to show that apart from any forms and rules there is no substantial injustice done. This Bill was passed in the other House on Saturday last, and immediately

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[a] Printed as Appendix on pages 410–418 infra.

notice of it was given to this House that the Government would move here for consideration of the Bill as passed by the other House. But the next day happened to be Sunday. There were three full days between then and now. But, Sir, if it be thought there is some technical defect, and therefore the consideration of this Bill to-day is incorrect, that is, that Sunday, Monday and Tuesday do not form three days and are thought insufficient, I have no objection to move a formal motion for suspending Rule 102."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" Not a question of bargaining. I want to know whether the rule of three clear days' notice has been observed, and in the absence of that, Rule 104 says, ' unless the President otherwise directs no such motion shall be set down in the list of business for any day which is less than three days from the receipt of the notice.' That being so, I am at a loss to know how this Bill can be taken into consideration now!"

The HON. SRI C. RAJAGOPALACHARIAR :—" Is it a fact, Mr. President, that all hon. Members had copies of the Bill on Sunday?"

SEVERAL HON. MEMBERS :—" Yes."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" I do not dispute that fact. My point is, that even the Hon. Premier has to act up to rules. Rule 102 says, ' As soon as possible after a Bill which has been passed by the Assembly is received in the *Council copies of the Bill shall be laid on the table at a meeting* of the Council.'

" And Rule 103 says, ' At any time after copies have been laid on the table in the case of a Government Bill, any member acting on behalf of *Government and in* any other case, any member may give notice of his intention to move that the Bill be taken into consideration.'

" And this will happen only after the notice was validly placed before the Council. But here the notice was laid on the table of the House, only on Monday; and for such a case, Rule 104 provides thus :—' Unless the President otherwise directs, no such motion shall be set down in the list of business for any day which is less *than three days from the receipt of the* notice.' That is my point. Unless the Chair otherwise directs the Hon. Premier cannot move the motion to-day."

MR. PRESIDENT :—" I have ' directed otherwise ' in respect of the tabling of this notice. Sunday, Monday and Tuesday, three days' clear notice there was; and so there is no point in the hon. Member's contention."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I thought the notice was received by hon. Members only on Monday, and that is why I spoke as though it were received only on Monday. It

is now clear that it was received by hon. Members on Sunday. It was my intention to give notice of the Bill on Saturday immediately after the Bill was passed in the other House. On Sunday, all members received notice, though it was again laid on the table of the House on Monday. Laying it on the table should not necessarily mean literally placing on the wooden table here, even if the doors were kept shut. Receipt of notice by hon. Members is equivalent to and better than that. There has been three clear days' notice already, and therefore the motion to-day is quite in order. Further when the motion has been put down on the agenda it should be considered as having been done 'as directed by the President.' There is no question of Rule 104 now."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" Sir, my point entirely is based on Rule 103. The Hon. Premier says it is not the intention that the Bill should be actually laid on the table of the House. It only means that hon. Members should receive notice of it. I say, it is not so. I say it is purely a matter of the notice being laid on the table of the House. Otherwise, the Hon. Premier may send notice to hon. Members individually one week or ten days before the Council meets and then say, on the day of the sitting of the Council ample notice has been given of a Bill. That is not a correct position. I cannot accept that interpretation. I feel this is a matter which affects the privileges of this House."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" On Saturday the notice was issued to the Members, and on Sunday the notice was in the hands of the hon. Members.

*SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—"I am not disputing that. I say, three days' time should be computed only after the day on which notice was placed on the table of the House as stated in the rules. That is the point. Unless otherwise directed by the President, i.e., unless the Hon. Premier obtained the previous assent of the President, the motion cannot be moved now. Whatever your ruling may be, Sir, on this point I shall obey."

* SRI R. SRINIVASA AYYANGAR :—" I do not think there is any substance in the objection raised by the Leader of the Opposition. Rule 104 is distinctly clear. It deals with cases where business is sought to be done in respect of which less than three days' notice is given. Rule 104 distinctly lays down

'Unless the President otherwise directs, no such motion shall be set down in the list of business for any day which is less than three days from the receipt of the notice.'

Government think that the three days' notice has been complied with in the case of this Bill and therefore rule 104 has not been applied. Even it be otherwise it must be presumed that the President has directed otherwise."

* SIR FRANK BIRLEY :—" May I suggest, Sir, it would be expedient to proceed with this Bill to-day and that it would be mere waste of time to postpone it. With all due deference to hon. Members I submit that. It would be of great inconvenience to this House if this Bill is put off to-day. In spite of Mr. Samiappa Mudaliyar's objection I should think a great majority of us are certainly in favour of proceeding with the Bill."

MR. PRESIDENT :—" It was through my direction that copies of the Bill were sent to all hon. Members on Sunday; and that should be considered as placing them on the table of the House. Therefore, there were three full clear days, Sunday, Monday and Tuesday. So the motion is quite in order."

MR. J. A. SALDANHA :—" May I point out, Sir . . . "

MR. PRESIDENT :—" It is all finished; the ruling has already been given."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I moved, Sir, that the Bill be taken into consideration. Hon. Members are aware, I was going to say, of the objects and reasons of this measure. It is true that the proceedings commence afresh here, but it does not mean that we should begin ignoring obvious facts. All members are fully aware of the discussions and the very keen controversies that have been the subject-matter of attention on the part of the public at large all these few weeks. It would be merely waste of time on my part to take up a dilatory attitude, and begin in a formal manner, and proceed as if nothing had happened. I should much rather ask hon. Members to use the time that is available, in a businesslike manner so to say, proceeding on the footing that this House is aware of all that had happened, and dealing with the measure in such supplemental fashion as the importance of the subject demands. I should say, therefore, at once that we should proceed on this primary footing of the policy of the Government, whether members voted for Prohibition, or did not vote for Prohibition. Whether hon. Members voted for it or against it or have forgotten how they voted, as was perhaps the case of the hon. Lady Member who spoke in connexion with another Bill, in whatever way hon. Members might have voted on Prohibition, we may take it, as was pointed out, I think, by a member of European Group in the other House, the House and the Government, having been committed to Prohibition, we should proceed on the basis that Prohibition has been accepted by the Government and by the House and it must be given effect to. We may proceed on that basis and see whether it is right or wrong for the Government to introduce this measure for the purpose of making up the revenue that is necessary in the course of administration. It is on that basis that this Bill is brought for-
1-15 ward. Strenuous objection has been taken here as well as in the
p.m. other House that the actual financial gap that is to be filled by

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Government this year with the assistance of the House is not a gap so big as to demand a tax of the nature or at the rate that is proposed. It is argued that this tax is likely to bring in much more revenue than the few lakhs of rupees that have to be made up for the gap in the financial accounting of this budget year. It is argued that the taxes already passed by the Houses might be sufficient revenue to meet all the requirements and that therefore this tax is unnecessary or even if it should be necessary, it need not be at the rate, that is proposed. In answer to that I have said—and I need not repeat except merely summarize it—we should not be content with providing only for the exact arithmetical difference that has to be met, but we should provide for that deficit which is certain and which is likely to attain its full magnitude in the immediate future, that is to say, the deficit caused by the entire excise revenue being taken away by the policy of Prohibition. The deficit is bound to reach the full figure of that revenue and we will have to provide for it. And all these taxes taken together are not still enough in my humble opinion and calculation to make up that gap. We will have to estimate more accurately than we have been able to do, the revenue that can be got from these taxes. Being new taxes all estimates are more or less conjectures. Taxes are new, not simply because the levy is new. Even the system of registration or licence fee has not prevailed so far, with respect to the business which is sought to be brought under this Bill. In the absence of any data with regard to the number of businessmen employed or the amount of the business that is turned over or their location, not to speak of other details, it is difficult for any legislative chamber to make a correct estimate of the revenue. Apart from that, even an estimate of the expenditure that has to be incurred in order to collect this revenue is also very difficult to make. A new organization has to be organized with respect to a new tax and a new method of taxation and collection. All things taken into account, it can be seen easily by the House that it is not only difficult to estimate the gross revenue, but it is equally difficult now to lay out a plan for the collection or for the administration and estimate the net yield. It is a case of a new adventure in taxation; and, therefore, allowances must be made for the necessary incidents of such a new procedure. I guess, Sir, I have said already, that a crore or a crore and a half would be the outer limit of any full-fledged collection in respect of this tax. I calculate in a very rough and ready way, which I shall present to the House, on the basis of the law of necessity, so to say. People cannot buy more than their purchasing power enables them to buy. All the people are to-day buying only according to their purchasing power. Since we are not dealing with individuals, but with the total aggregate, we may take the national dividend calculated by the various experts as fairly correct and at that rate we could get the figure compounded by the 4 crores of our people and the average income of Rs. 50

per annum; taking these together, we might get a total purchasing power of 200 crores, let us say. According to the scheme of this tax all the smaller shops are excluded, all turnovers below Rs. 10,000 are excluded. The significance of this fact must be fully realized. In our economic organization, it is at the bottom, more than three-fourths of the total. Such is the character of our people and of our population and of our life, that if we exclude all turnovers below Rs. 10,000, we certainly exclude more than 75 per cent of all transactions. If we take three-fourths away out of the 200 crores, we get only 50 crores which could possibly come within the ambit of this measure. It may be said that the purchasing power is repeated as this tax is a tax at several points. The purchasing power will have to be multiplied by the number of stages through which the commodities might pass before reaching the actual consumer. Therefore multiply it by three or even four. We, therefore, come again to a total figure of 200 crores as the possible outer limit of the purchases which can be taxed under this Act. And therefore it is that I say we could only get a crore and not more by the most efficient organization of this tax.

" Then, Sir, people have referred to the burden, to the regressive effect that this tax might have on trade in general. Naturally, Sir, I am dealing with it more by way of answering objections; because I have said already, it is not the first time that people begin to think on the subject and it would be idle formality, if I went on, without taking into account all that has been said against this measure. I proceed straightaway to the serious objections that have been urged that this tax is regressive. Our answer is that the levy itself is not such as to bring about any undesirable result in trade. But there is a stronger argument than that which hon. Members have to consider and dispose of: 'What does it take the place of?' is the question. Apart from the calculations that I have placed before the House, let us see the nature of the thing we are proposing. It is to tax every transaction of sale provided it comes within certain limits and within a certain scope. Now, sale is the elementary transaction in any civilized society in the present economic organization. Among people who are not merely living like superior domestic animals, the simplest transaction of man in civilized society is a sale, and is indicative of something being done by him in a manner which the State might well take note of on its financial side. Now this sale is taxed. If a man is very well off, he naturally buys many times and any many articles. If a man is better off than others, he buys more articles and costlier articles than others. There is a just and correct proportion between the position he occupies economically in society and the number of transactions and the value of the transactions that he makes in the form of a sale. This is subject to a tax in the proposed measure. Therefore, there is something juster and more correct than the processes of taxation to

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which we were hitherto used. In this proposal, therefore, there is an element which hon. Members may take into account in order that they may appreciate the important point that this is a more just and proper tax than many of the taxes that we have been hitherto paying.

"What are the taxes we have hitherto depended on? I ask people just to consider it, however unpleasant it may be, to admit oneself to have been in the wrong all these days; let us consider and examine the position correctly. What are the taxes that we have had to depend upon? I have, Sir, profited much by the discussions that have taken place in the other House, in the Press and on the platforms and in the Select Committee. My mind has been perfectly clarified over it and therefore, I say nothing now, but the barest and the sincerest truth, when I say that I am much more convinced to-day that it is a proper tax than I had thought when I started. What are the taxes that we have been paying hitherto? One big excise tax and one big sale tax. The revenue of the Province is made up of two principal items. One is a heavy duty called Land Revenue and the other a heavy sale tax called Excise Revenue. Our present revenue system, if properly analysed and understood, consists of one important sale tax and one important excise. The land produce excise is most unreasonable. A more unreasonable excise there cannot be than the excise on the production of foodstuffs. Elementary foodstuffs are excised, that is the meaning of the land revenue, to the extent of 25 per cent. I have calculated that there is a 25 per cent excise upon the production of primary foodstuffs in our Province in the shape of land revenue. People have been objecting to it, no doubt, with good reason. But apart from the quantitative objection —to which the landowning classes have been drawing attention— the nature of it must now be analysed and appreciated. The whole of this land tax is an excise on foodstuffs. One-fourth of the gross produce is taken as excise, and the remaining three-fourths is divided in a very unjust manner between the capitalist owner of the land and the tiller or the actual farmer on the land. The unjust distribution is this, that more than half is taken away by the man who remains at home, who is the capitalist. He sits at home and he gets more than half the balance of gross produce, after deducting this excise. What remains is the wage which those who labour for the production of this elementary and primary article have to divide among themselves. I have made a careful calculation and I say that those who produce foodstuffs in this country of ours do not get the wage which they are entitled to for the bare manual work that they put forward in order to produce these foodstuffs. If calculated in that manner it will be seen that the Government of this Province has imposed a most objectionable excise all these years, the most unjust excise which makes the tiller of the soil lose his proper wage calculated even as a day labourer. According to the present system the State takes away one-fourth of the whole of the gross produce of this

manufacture of an essential and primary article and this levy is the main part of our revenue. Is it not time that any one who understands the realities of things should set about rearranging the whole thing?

"Then what is the other tax that we depend upon? I said it was a big sale tax. I referred to the point briefly in a speech when answering Mrs. Hensman's argument against the tobacco tax. I said we did not realize that we depended upon a tax on the sale of only one commodity and I described the commodity and the consumer of that commodity, showing that it was a very unjust sale tax. And, Dr. Thomas yesterday made a much more elaborate reference to the subject and explained it in full. While the Land Revenue system imposed a heavy excise on the production of food, we have seized upon only one article of commerce and we have taxed it in such a way that the man who has to pay it, pays it not because he buys what is necessary or because it is good for him but pays the tax because he is a slave to a craving which is unhealthy. We have very clearly seized one single commodity which is the subject-matter of commerce and we have seized, so to say, the addicts to that commodity by the throat and we make them pay whatever we like them to pay and whatever we want for the expenditure of the whole of our Province for all the other classes. Four crores is obtained by a single sale tax on drink and drugs, that is to say, a single sale tax on commodities of intoxication, on a commodity for robbing people of their senses through the process of a pretended happiness and a subsequent insensibility to pain or pleasure. Whether it is country spirits, whether it is toddy, whether it is opium, whether it is hemp or whether it is ganja, whatever it is, it does not matter. They are all of the same kind. And we say 'Pay as much as we order.' That sale tax is not subject to any discussion in the House. That sale tax is not subjected to any reasoned application of the minds of hon. Members. If I raise it from 25 per cent to 30 per cent nobody questions, because they are not here at all. Nobody here suffers. If I say 'Slave to this article, you have paid four annas a bottle to-day; you must pay six annas to-morrow,' he pays and no hon. Member raises any objection. If I say 'Pay eight annas,' he pays because he is a slave to the article and not because he has calculated the use of the article. No hon. Member raises any objection because it does not concern him. That is the one single sale tax on which we have depended.

"What is the real percentage of that sale tax? May I tell hon. Members, Sir, what the percentage is? Not half per cent, not twelve per cent, but anything from 300 to 1,000 per cent! A bottle of fresh toddy juice is sold—hon. Members may compare my statement with the actual facts—a bottle of fresh unfermented toddy can be purchased to-day if you like and a bottle of fermented

toddy can be purchased on which has been paid all duties. What can be bought for less than six pies becomes an article for which has to be paid four annas. What are country spirits? Government knows the cost of the production of country spirits. On a very very liberal estimate the cost of production of a gallon of country spirit is 14 annas. But what is the duty on it? Round about five rupees is the duty on it—five rupees duty on a commodity the cost of which without duty would be only 14 annas a gallon; that is a percentage of over 500! Including all charges of transit and management, the tax would be more than 300 per cent by the most moderate calculation. Now, no one objects to this sales tax. It is considered the most reasonable in the world and which should not be disturbed at all but must continue. Why, because we are not concerned, and we profit by it."

SRI B. NARAYANASWAMI NAYUDU :—" May I know whether I can have drink without paying a tax? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" If this House says 'We won't vote any other tax,' if this House says after wise and sincere thought, that drink is necessary or that it is even half necessary, that drink is a good thing, I say the State is bound to give it at a less price than it is now given. I maintain it, Sir—I do not deny it for a moment—I am not afraid of making the statement in the most absolute terms. I do not believe it is good—but if hon. Members say it is good or something like good, I say that it is our duty to give it at less price than we are giving now. We are getting that price and the tax imposed on it, not because it is a good commodity worthy of purchase and consumption but by reason of the compulsion of the craving on the addict. It is an inequitous impost on a man's addiction to a vice. I would much rather, Sir, allow him to have free drink than to run the Government with a 500 per cent tax on a small section of the people who have become slaves to the article not by themselves but by what the Government has done. We all combined to keep the shops open. We all combined to increase that addiction. We all combined to make him a slave to the commodity and we tax that commodity. If as in European countries everybody drank, almost everybody drank beer and spirits as we drink buttermilk or take salted food, a tax on drink would be a just tax. Some people who drink more often may have to pay more, but the tax is not unjust. But in our country, Sir, if all the vegetarians of this country combined and taxed meat, would it be a just tax? No. Similarly all the vast bodies of tee-totallers in our country have combined and have conspired to tax only drink, and to levy four crores per annum in this little Province of ours to run the whole administration by taxing those miserable people. It is not open to anybody to go and wean them from it lest they should be put in prison for disturbing the peace. It may be allowed in a

moderate measure as a hobby for decent gentlemen, but it should not go too far! That is the law. I submit, Sir, this is the most unjust financial arrangement that can possibly be conceived and it cannot be tolerated by any Government that has a conscience. If drink to-day had somehow become suddenly a common habit for all people, then the only question would be 'Shall we prohibit it or shall we keep it?' It won't be then an unjust tax to levy. But to-day, as Dr. Thomas pointed out, it is not only a wrong thing, but a very unjust distribution of the tax burden apart from many things else.

"Let me give actually the figures, Sir. Somebody tried the other day in another place to raise a cloud of dust over it to confuse the issue. 'It is not proved,' said some one, 'that it is only the poor people that are drinking.' Nothing is better proved in our country. It is true that some of us might drink foreign liquor, high priced foreign liquor. If we tax at 300 or 1,000 per cent that kind of commodity there would not be injustice in it, because people who can bear the burden will pay it. But what are the facts? Our toddy is certainly drunk—by one or two of our wealthy people also—but the vast bulk by the poor people. There is no doubt about it. The vast bulk of our country spirits is consumed by the poorest classes. There is no doubt about it. Some of us—one, two, three, a dozen—might perhaps go in for it even though we are well off but it may be clearly understood and accepted that the bulk of the arrack is consumed by the poorer classes. It is the poor that pay the taxes on country spirits and toddy. All the revenue that we derive from country spirits and from toddy is, we should admit clearly, derived from the poorest people, the most miserable people, the most illiterate people and what is worst of all by a fraction of the population and not all.

"Members may see the 'Excise Report' year after year. Imperial return No. 1 which is published in that report furnishes full information, gives all the details I am now referring to. The total receipts from country spirits, whether it be duty at the distillery or whether it is the revenue that is received by the sale of the licence, all that has to be put on the poor man's dram of country spirit and the total of it that is received in the treasury is one and a quarter crores of rupees. And from toddy, two and a quarter crores. Therefore three and a half crores come through toddy and arrack. There is no doubt about it. Foreign liquor which may loom large in the eyes of some people gives eight lakhs only to this Province in all. It is a miserable flea-bite when compared with the crores with which I have been dealing. If we can multiply that tax on foreign liquor many times, we could get a few crores. But then, if we did so, people would stop drinking and there would not be that return. Foreign liquor is only eight lakhs, so far as Government is concerned. Even beer

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made in India which may perhaps be considered middle class drink, gives only three and a quarter lakhs to the Government. So that between beer, whether Indian or foreign and liquor which comes from abroad altogether, it is only twelve lakhs, not even one-eighth of a crore, whereas three and a half crores are given by those who drink country spirits and toddy. To this, Sir, must be added opium and hemp drugs. I do not suppose people who are well off are much given to them. Even there, Sir, we can take it that it is the poor that pay. Opium and hemp give half a crore, so that practically four crores of our excise revenue, apart from this trifling 12 lakhs, is made entirely out of single sale tax levied on a fraction of the population and that fraction carefully chosen by the enslavement to habit that they cannot escape this tax whatever may be the rate. Is this honest finance? I have no hesitation in saying that this is dishonest. This terrible levy on a fraction of the population of our country to run the whole administration should be put an end to as soon as possible. I won't say that the system being so dishonest we should leave and go away. It is not possible since we are in mid-ocean and there is no land in view. We have to get on as best as we can. We should however try to alter these dishonest, improper and unjust distribution of the tax burden. We should not impose on the wage-earner who raises the food that is necessary for the life of our people, the heavy excise tax of 25 per cent of the value of the gross produce. We should do away with this other tax, 300 to 1,000 per cent sale tax on the miserable addicts to drink and drugs. It would be far better that we gamble or run lotteries to run the administration than that we should do this open bare-faced injustice. Let us therefore distribute the sale taxes and the excise taxes properly and justly. Let everybody and every commodity bear the tax and not only toddy and arrack. Let every commodity bear the tax and let everyone bear it according to the real value and not the tax or craving value of the article. Let everybody bear the burden of taxation according to the real value of the various articles produced and sold and bought and then let everybody pay proportionately to the expenditure of the State. That is the justice of the general sales tax and it would enable us to do away not only with the injustice of this exaction on a fraction of the population who cannot escape from that commodity, but it will remove a moral evil and tend to make people live in happier families. If the foodstuffs that are sold in the market are taxed it would be just because he who consumes more will have to pay more. But if the foodstuffs raised are taxed on the spot at 25 per cent of production, who suffers? The man who raises the foodstuff and he has to live anyhow. That is unjust. Therefore it is far better to raise the sales tax from half to five per cent, and do away with all this unjust taxation with which we have been carrying on. Sir, this is all that I wish to submit in asking this House to consider the Bill."

MR. PRESIDENT :—" To this motion three hon. Members have given notice of amendments. One hon. Member wants that the consideration should be postponed for one week. Another wants that the consideration should be postponed for three days and the third wants that the consideration should be postponed for a day. I suggest that all these amendments might be moved together, so that the House might then discuss all these amendments and at last vote on all the amendments one after another."

* SRI RAO BAHADUR M. RAMAN :—" Mr. President, I move the amendment that stands in my name, viz.,

> 'For *the words* " *at once* " substitute *the words* " *this day next week* ".'

" It is clear that what I want is a period of interval of about seven days for reading and understanding and taking an intelligent part in the discussion of this very important Bill. No doubt we got the Bill as amended by the Lower House at about 4-35 p.m. on Sunday. I got exactly at 4-35 p.m. on Sunday. Sunday is a day of rest to most of us and the receipt of the Bill at 4-35 p.m. cannot be understood as a day. But I am not calculating on that. It is a mere technical affair. My request is that to do justice to the subject we want more time. On Monday and Tuesday we had Council. We were very busy. With the heat at 106 degrees we were very busy and we could not do very much work. So that all that we could do was very poor work. It is my request that we might be given more time so that we might take more useful part in the debate. Therefore I move my amendment."

MR. J. A. SALDANHA :—" I beg to second it."

* SYED ABDUL WAHAB BUKHARI SAHIB BAHADUR :— " I move that—

> ' For *the words* " *at once* " substitute *the words* " *three days after* " (*i.e., 20th May* 1939).

" Of course it is evident that due to lack of time an important measure like this has not been properly considered and personally, speaking for myself, I have been busy with the Marumakkattayam Bill and I feel I have not been able to study this particular Bill that is before the House. Therefore apart from the general consideration of the other members there is this personal inconvenience also caused by the Bill standing in my name yesterday. Therefore I feel if at least three days were given for consideration, I think it would have been fair to us. Therefore I move the amendment."

S. K. AHMED MEERAN SAHIB BAHADUR :—" I second it."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" I beg to move—

> ' For *the words* " *at once* " substitute *the words* " *to-*

" Sir, I am requesting the Hon. Mover for only one day's time. I would only say a few things in support of that. Sir, it was stated that the Bill was sent to us on Sunday. Mr. Raman said that he received it at 4-30 p.m. But as I was not in town I was able to get it only on Monday. No doubt I am not adducing that as an argument for adjourning. As my hon. Friend stated, Council work took much of our time the other two days and left little time to give our best attention to this important measure. The Hon. the Prime Minister stated that it was thoroughly discussed in the other House and here we have only to supplement them. He was telling this, Sir, not only in regard to this Bill but in regard to other Bills as well. We have not got the authenticated discussions of the other House so as to enable us to come to correct conclusions as to which of the amendments have to be moved and which amendment need not be moved and what the trend of the argument was. No doubt he may tell us, 'You are all readers of newspapers and you may be able to understand that.' It is common knowledge that even with regard to a particular matter no two newspapers give the same version. If we take one paper it gives one version and another paper gives another version entirely different from the version given by the other paper. So, with regard to the news appearing in newspapers we cannot take it as authenticated news for being used in the discussion. Generally, Sir, our deliberations are being commented upon by eminent lawyers who have no axe to grind."

MR. PRESIDENT :—" We are not concerned with the lawyers outside the House."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :— " Not the lawyers but the public. The public are feeling that our deliberations even in important measures like these are rushed through and are sometimes making comments which are not complimentary. It is not good for us or to the House to give room for such complaints but we are giving room to the public to make those comments and I hope that the Hon. the Prime Minister who has equally to see to the fair name of this House will not allow the public to make any such comment which will affect it adversely. There is no harm in giving time to us and he will have no fear that any amendment that may be moved from this side will be carried out even if he allows one year's time. Therefore he may be charitable enough to give some time to go through all the provisions and understand its implications. I hope the Hon. the Prime Minister will at least accept this modest resolution of mine."

The amendment was duly seconded.

MR. PRESIDENT :—" All the three amendments are now for discussion."

* SIR FRANK BIRLEY :—" Sir, it is with the utmost diffidence that I intervene in this debate because I certainly do not feel that it is my role to oppose the Opposition. But I do feel

that the arguments that have been used in supporting these proposals do entirely disregard the actual facts of the case. If there had been any material amendments in this Bill during its passage through the other House, there might indeed have been some substance in asking for a longer time to consider the Bill before this House. But taking into account that the members of this House are by reason of the fact that they are members of this House, men of intelligence and experience, to ask for a further three days and delay the work of this House for such reasons as have been given are quite without substance and in fact I can hardly believe that they are put forward seriously." (Laughter.)

* KHAN BAHADUR SIR MAHOMED USMAN SAHIB BAHADUR :—" Sir, I am really surprised at the attitude of Mr. Saldanha. The other day he said that this is a Council of veterans and to-day by seconding the first motion he thinks perhaps that we are slow in understanding things. As for the adjournment of the House till to-morrow as suggested by the Leader of the Opposition there is no substance in it at all. We are not going to finish the general discussion of the Bill to-day. Practically the Bill will come up to-morrow for discussion."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" Mr. Usman cannot anticipate what is going to happen in this House."

* SRI R. SRINIVASA AYYANGAR :—" I rise to oppose all the amendments in the House. The hon. the Leader of the Opposition concluded his short speech with the remark that he was sure that even if one year's time be given there was absolutely no chance of the Opposition carrying out any amendment moved by it. With that consciousness I am surprised he is getting up and asking for time. We are not so unreasonable. Probably he anticipates what is likely to come. It may or may not probably happen. We are not so unreasonable. The whole thing has been discussed before the Assembly threadbare and I am unable to see any substance in the observations made by the movers of the amendments. The remedy is entirely in their hands. The main motion before the House is that the Bill be taken into consideration. It has not been passed. It is open to hon. Members on the other side to
12 noon. keep the House engaged for two or three hours and thus prevent the possibility of the Bill being taken into consideration to-day. That remedy is open to them. To meet that, the other side might move for closure and carry it and have the motion taken up. What is generally known as obstructive tactics can be met that way.

" This Bill, Sir, has been before the Select Committee and before the public for three weeks and while it was in the Lower House nobody crossed the t's or dotted the I's. As stated by the Hon. the Finance Minister this Bill was passed into law after six full days' debate. We know for a fact that this Bill is going to become an Act early enough. In this stage of affairs to ask for time ranging from one week to one day is meaningless."

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THE HON. DR. T. S. S. RAJAN :—" For the information of the House, Sir, I suggest that we disperse at one o'clock and meet again at 3 in the afternoon and sit as long as the House decides to sit. We may then be able to take up the clauses and the amendments in as orderly a manner as possible and give each amendment sufficient time for consideration. So I suggest that the House should sit in the afternoon also for three or four hours if necessary."

* MR. J. A. SALDANHA :—" This is I think adding insult to injury. We proposed that we adjourn for a short interval on the ground that though we saw in the papers the proceedings over this Bill in the other House we had no time to digest them all. Copy of the Bill as passed by the Assembly reached us on a Sunday —one of the great institutions left to us by the ancient religion of Israel. It is not a day on which we find much time for work."

MR. PRESIDENT :—" The statement made by the Leader of the House is not open to debate. The hon. Member may resume his seat."

* MR. J. A. SALDANHA :—" We may have some sort of rest at least for digesting the amendments that are pouring in on us. I wonder how the office will manage to place before the Hon. the President all the amendments in their proper order. We must have some time for doing the same."

MR. PRESIDENT :—" The President will take care of himself."

* MR. J.A. SALDANHA :—" I propose therefore that we meet to-morrow at 11 o'clock and go on with the debate till about 1 or 2 p.m."

* MR. S. J. GONSALVES :—" I beg to support the amendment moved by Rao Bahadur M. Raman. As far as my memory goes, never before in the history of the Legislature of this Province has there been a session in Madras in the month of May. The city is just now experiencing a heat wave. We have been here already engaged for a week. My submission is that if the adjournment moved by my hon. Friend, Mr. Raman, is agreed to and the Sales Tax Bill, over which there is much heat already created, is taken up for consideration next week, we may be able to do business without much heat and in a cool manner. It seems to me, Sir, that as a measure of small mercy, the Government may agree to the adjournment for a week."

SRI M. D. KUMARASWAMI MUDALIYAR :—" Sir, after the Bill was passed by the other House there has been only a very short interval. We must all remember that the elected Members here are representatives of the public and that unless the public are given an opportunity to express their opinion on this measure we, who are their representatives, can do nothing and it cannot be said that in what we say we will be reflecting their opinion. For this purpose it is necessary that some time should be given."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I am very sorry that, while the arguments look plausible, there is no real substance behind them, and, though Sir Frank differs very much from me in regard to the merits of the Bill, I am glad he entirely agrees with me in regard to the appreciation of these objections that warrants my saying that there is no substance behind this proposal. I submit, Sir, it would not be a right use of the public time to put off this matter. After all that has been said it is better that we dispose of this matter one way or other. I therefore oppose the amendments moved in regard to the various forms of adjournment."

MR. PRESIDENT :—" The question is—

' that *for* the words " at once," *substitute* the words " this day next week " '."

The amendment was put and declared lost.

Dr. Sir K. V. Reddi Nayudu demanded a poll. A poll was taken and the House divided thus :—

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 Khan Bahadur T. M. Moidoo Sahib Bahadur.
3 Sri B. Narayanaswami Nayudu.
4 Hajee Munshi Abdul Wahab Sahib Bahadur
5 S. K. Ahmed Meeran Sahib Bahadur.
6 Syed Abdul Wahab Bukhari Sahib Bahadur.
7 Mrs. M. Hensman.
8 Mr. S. J. Gonsalves.
9 Sri M. D. Kumaraswami Mudaliyar.
10 Dr. Sir K. V. Reddi Nayudu.
11 Sri Rao Bahadur M. Raman.
12 Mr. J. A. Saldanha.

Noes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri Bheema Rao.
3 „ K Madhava Menon.
4 „ V. V. Jogayya Pantulu.
5 „ R. Srinivasa Ayyangar.
6 „ A. Rangaswami Ayyangar.
7 „ K. V. Srinivasa Ayyangar.
8 „ N. Sankara Reddi.
9 „ V. Vasantha Rao.
10 „ S A. S. Rm. Ramanatham Chettiyar.
11 „ M. Narayana Menon.
12 „ L. Subbarama Reddi.
13 „ K. Venkataswami Nayudu.
14 „ T. A. Ramalingam Chettiyar.
15 Sri T. C. Srinivasa Ayyangar.
16 „ D. Sriramamurthi.
17 „ V. Ganga Raju.
18 „ L. Subba Rao.
19 „ P. Peddi Raju.
20 „ P. Veerabadraswami.
21 „ K. P. Mallikarjunudu.
22 „ N. Venkatachalamaji.
23 „ V. Venkatapunnayya.
24 „ C. Perumalswami Reddiyar.
25 „ K. S. Sivasubrahmanya Ayyar.
26 „ S. K. Satagopa Mudaliyar.
27 Sir Mahomed Usman Sahib Bahadur.
28 Sir Frank Birley.

Ayes 12. *Noes* 28.

The amendment was lost.

The question is—

" that *for* the words ' at once,' *substitute* the words ' three days after ' (i.e., 20th May 1939)."

The amendment was put and lost.

The question is—

" that *for* the words ' at once,' *substitute* the words ' tomorrow '."

The amendment was put and lost.

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MR. PRESIDENT :—" The motion moved by the Hon. the Premier is now before the House."

* MR. J. A. SALDANHA :—" Mr. President, I am afraid I shall be somewhat desultory in my remarks, because it has been very difficult for me to digest this Bill. We have to go through carefully each clause of this important Bill, if we are able to say in what particular this Bill is defective and amendment should be made. For this reason, if I go on in a somewhat rambling fashion . . ."

MR. PRESIDENT :—" The hon. Member must not ramble. (Laughter.) He must always speak to the point."

* MR. J. A. SALDANHA :—" I shall attempt it, but it is difficult. I shall be thankful, Sir, if I am stopped when I am rambling. (Loud laughter.)

" This Bill is called the General Sales Tax Bill, but I think it is a misnomer. It must be called the General Sales *and Purchases* Tax Bill, because in the definition of ' turnover ' purchases also are included. Purchasers also have to pay the tax. This is a very unusual thing. I do not think in any other part of the world, the purchasers are made to pay tax. This was not in the original Bill. By a clever device the Hon. the Premier has put in the word ' purchaser ' also. I may point out that so far as the definition of ' turnover ' is concerned, it is *ultra vires*. ' Turnover ' means the aggregate amount for which goods are sold. Under the Government of India Act, 1935, in the Schedules attached to it, item 40 of the Provincial List speaks of taxes on the sale of goods only. Under this Bill the Government propose to tax the purchase as well as sale of goods. So it is clear that to that extent this Bill is not regular and therefore I have given notice of an amendment for the omission of the words ' either bought by or.'

" To go further on this subject, I should say that this Bill was originally called the Sales Turn-Over Bill. I should rather call it Over-Turn Bill, because it is really throwing everything topsy-turvy. The usual argument used by the Opposition was that Government were robbing Peter to pay Paul, as one of the Hon. Ministers reminded us in one public hall that what the Ministers were doing was that they were going to rob very rich Peter to pay the very poor Paul. As I shall be able to show presently, this Bill is going to rob all people. There is robbery from top to bottom. It is a desperate remedy for a desperate disease if there be a really desperate disease. There are taxation measures which are in principle unsound. It has been recognized by very high authorities —I am not an expert on this matter—that this is a most unsound form of taxation. I shall just quote from a book which I have in my hand entitled ' Public Finance ' by an eminent Professor of Political Science—Clyde L. King, Ph.D., in the University of

12-1[illegible] p.m

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Pennsylvania. Of the many books that have been published, I have found that this is one of the most exhaustive and up-to-date, published in 1935. Having had experience of the levy of this General Sales Tax in Pennsylvania itself, his remarks, I think, deserve some attention on our part. But I shall extract only a few passages from that book :—

(At this stage the Deputy President took the Chair.)

" This is what is stated in that book :—

' The general sales taxes have had advocates in this country especially since the Depression of 1929. They bring in tax monies though almost every economic argument is against them as we shall see. Over half the States and at least twenty foreign countries now have one form or another of general sales taxes. The purpose of the general sales tax is to broaden out the base of the tax more widely than can be done by selecting the commodities or services to pay the tax.'

" Then it is stated :—

' At the beginning of this discussion we noted that the great argument for general sales taxes is that they bring in badly needed tax monies at low rates. There the argument for them substantially ends. In theory they are said to be paid by the consumers. Tax laws usually provide that businesses may hand the sales tax on to the consumers. This business interests try to do in any case. They may pass on the tax when prices are rising anyhow. But under the pressure of keen competition, the average retailer or the manufacturer will prefer to try to hold his trade and not pass these taxes on. Or if he does pass them on he adds them to those commodities that if possible will bear the total tax. They get lost in the business of selling. During depression times particularly, when competition is keenest, they will usually not be passed on by at least half the merchants. They serve rather to retard the poor merchants and to augment the rich.'

" Now these are important points which should be borne in mind :—

' They bear on living standards as do few other taxes. They have been tried out in the past, and have been thrown out when times permitted. We endure them only because other taxes have declining receipts in hard times, and there are at hand no other sources of public income equal to the demand for public expenditure. Such taxes tax the poor and let those able to pay escape.'

Those are the concluding words. I should like to see any other authority which controverts the weighty words that are stated here.

" To a few other points I beg to draw the attention of hon. Members of this House. The Hon. Premier has rightly described this tax as Shylockian tax. I say it is Shylockian tax, because the Government will squeeze everything out of the tax-payer just as Shylock did squeeze the blood and everything."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I referred to it in a much earlier scene, and used the words ' good amount ' meaning thereby sufficient amount. I said this tax was a good tax because it would fetch sufficient revenue."

* MR. J. A. SALDANHA :—" The Government can squeeze out as much as possible from the poor people as has been found in the United States and other places.

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"One other point that I wish to refer to is diversion of trade from the British territory. The Chairman of Cochin Municipality and other people have sent in their representations saying how they are already suffering from diversion of trade from British Cochin to Matancherry. Now this will be a further inducement. The trade will gradually shift and ultimately British Cochin will cease to be a prosperous port.

"I may mention another instance which is nearer home, viz., South Kanara, where a large number of people are depending for their wealth on coffee plantations in Mysore. Out of 8,000 or 10,000 tons that are produced, at least 2,000 tons are produced by the people of Mangalore in the Mysore territory. On account of depression we have been very hard hit and many of us are in a state of distress. I say that most of the coffee estates do not yield a sufficient income as to be the basis for income-tax. When there is no income at all, you can imagine what the fate of our people will be when coffee products are subject to this form of taxation. When this tax is imposed what will happen is this: A man who does Rs. 20,000 business gets no net income at all. He pays no income-tax. When the screw is turned up by the Revenue Department to pay this sales tax, he will have to pay this tax out of his gross income which gives no profit to the merchant. This tax is intended to be imposed not on the profit but on the turnover. I may warn the Hon. Premier that already many of our merchants in coffee plantations divert their business from Mangalore. Instead of bringing the coffee to Mangalore, they are taking it to Bangalore and other places. So these 2,000 tons will very soon be diverted from being imported into Mangalore. All the coffee planters who export their coffee to Europe, whether it is produced in British territory or in Indian State, will not pay a tax, but the purchaser of this coffee has to pay tax. He will have to pay the tax even when the exports are carried out by the Agents of British merchants, say Parry & Co., or some other party, while others, will not have to pay. Under the provisions of this Bill, a purchaser will have to pay the tax. If a man who produces the agricultural produce sells his produce he is not liable to tax. Now the purchaser will, under these circumstances, say 'Well, we have to pay tax; therefore I deduct so much from your price.'

"Another point urged by the Hon. Premier is that he should make up the deficit in loss of revenue on account of Prohibition. I may point out that Prohibition has been introduced only in two or three districts. I am at a loss to understand as to why it should be presumed that it is going to be introduced in the whole Presidency within three or four years or within the tenure of the present Ministry. If they want to go to the country and tell the 12
electorate that they have introduced Prohibition, they must 1
achieve this purpose only by a slow process. '*Fastina Lente,*' hasten slowly, that is the old proverb, if one wants to go on steadily

and cautiously also. If they had adopted this policy, they need not have brought in this General Sales Tax Bill. Gradually they could have made up this deficit by some other taxes, by taxing for instance luxuries like tobacco. The Prime Minister told us that he has not been able to find the total value of the goods that will be taxed all over the Presidency. Therefore I would recommend to him the caution that is observed by the Bombay Government in introducing a tax on sales. That Government too do not know the total amount of the sales; so they propose to begin with licensing alone for the first year at the end of which they hope to find out the total amount of goods which will come under taxation. Instead of proceeding cautiously as the Bombay Government is proceeding, our Government here proceed on guesses. I have heard hon. Members on the other side say that they expect to get one crore of rupees without any difficulty in the first year, two crores in the second year and so on. In any case they expect to get five crores ultimately. I ask, Sir, why go on guesses, why not proceed cautiously, first by having a modest measure of licensing alone?

" Admittedly, Sir, this tax is not a tax on income. The fundamental principle laid down by this great author whom I have quoted is that as a rule taxes should be levied on income and should be based on the capacity of the people taxed to pay. I mentioned the case of a friend of mine who deals in coffee and whose annual turnover is over Rs. 20,000 and I have explained that under the circumstances of the trade he is unable to pay any tax. This tax is calculated on the total turnover and not on the actual income. Thus two fundamental principles of sound finance are offended by this Bill. Of course, in an emergency, when the country is in a state of war for example, we have to pay death duties and other duties besides a sales tax. It is said that a sales tax is levied in France, Germany and such other countries. But they are in a perpetual state of war. For a long time they were making up the losses of the last War and now they are preparing for another war. But are we in a state of war, unless we call prohibition a war against the vice of drinking? The sales tax is a desperate remedy for desperate situations and I ask, Sir, are we in such a desperate situation now as to necessitate the adoption of such a desperate remedy as this? As regards the policy of total prohibition it is just like Don Quixote fighting against all sorts of armies of imaginary evils. I am reminded of him when I see these great Congress heroes with their queer ideologies. (Laughter.)

(At this stage the Hon. President resumed the Chair.)

" Now, Sir, let me approach the question from a commonsense point of view. Let us take the case of Muhammadan countries like Persia and Turkey. Let us take the case of Japan, a very civilized country. Let us take France, Scotland and so on. In all those countries liquor is a great source of wealth and revenue. Japan,

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for instance, will never give up drinking the rice liquor, because they do not consider it a sin. Sir, many of us die from excessive eating. One of the causes of sin, according to our religion is gluttony. Drinking has not been mentioned as a cause of sin, but gluttony, that is to say, excessive eating, is said to be one of the causes of sin besides lust, anger, envy, etc. How many of us including myself have brought upon ourselves various ailments and diseases by excessive eating and eating wrong things or eating good things in wrong times. What is condemned in religion is the abuse of anything. Wine is a God-given thing and drinking wine has never been forbidden by any ancient religion. This habit was prevalent in olden days among the Jews and the Arabs too. It was prevalent in the time of Abraham and Moses."

ABDUL WAHAB BHUKARI SAHIB BAHADUR :—" It was previous to the coming of Islam."

* MR. J. A. SALDANHA :—" This habit had the sanction of ancient religion. Wine and women are causes of sin, but that does not mean that we should avoid wine and women altogether."

MR. PRESIDENT :—" Order, order, it has nothing to do with this."

* MR. J. A. SALDANHA :—" The point was raised by my hon. Friends on the other side that they have done a great thing by introducing Prohibition and that they have lost revenue on that account and therefore they should have this sales tax. I say, let us call a halt to this policy, see what has been the effect of it and proceed further cautiously and not introduce all these emergency taxation measures at once.

" Now, Sir, one point has been lost sight of in all these arguments. I think the Hon. the Prime Minister has recognized the value of it. In countries like Europe and Asia where wines and other drinks are allowed, these are a great source of wealth and revenue. They form a great industry. As was pointed out by Mr. Gonsalves wine is used like water in some countries. Even in Goa they often drink cheap wine, instead of water. The same is the case in Pondicherry. If you want to drink good wine you may as well go to Pondicherry. In Europe it is a source of wealth, a source of pleasure and a source of revenue. It is a big industry. Look at the amount of wealth involved in the industry of whisky in England and Scotland, in the industry of champagne in France and in the industry of rice liquors in Japan. When first the English came to India they realized the wonderful value of the rich wines we have in the shape of toddy and the first Englishman in India, Fr. Thomas Stephens wrote a long letter to his friends in England extolling the virtues of toddy and pointing out that toddy was a rival to their wines. Gradually as the British came into power they

passed many vexatious measures for checking the growth of our distilled liquors and toddy which is better than beer and more efficacious than beer.

"My hon. Friend, Mr. Rangaswami Ayyangar said the other day that the Hon. the Minister for Public Health admitted the virtues of toddy and said that it had some food value and that there were vitamins in it."

MR. PRESIDENT :—"The hon. Member is going away from the subject."

* MR. J. A. SALDANHA :—"The Hon. Minister admitted that toddy has certain vitamins. Vitamins need not necessarily be food. They are certain forces, certain powers and that force is found in toddy in a certain shape. It is not a sin to drink. It is a sin to abuse anything. It is a sin to drink coffee excessively. What amount of mischief is caused by excessive drinking of coffee or tea? We are introducing coffee and tea in the place of liquor and what is the cost of a good cup of coffee? A cup of good coffee or tea cannot be got for less than one anna a cup. In the villages they only give an apology for coffee or tea. They give bad coffee and bad tea which are mere poisons. Coffee or tea itself is condemned by some Hindus as poison. The Prime Minister the other day said that they must encourage the substitution of tea or coffee for toddy. I must admit that if coffee and tea are prepared properly and drunk they will be very good beverages. Therefore, Sir, I say that to condemn drinking toddy is quite wrong and unfair. Let us bear in mind the international customs and not condemn a thing because our Shastras say that it is bad. After all, Sir, the Shastras do not condemn drinking of liquor. They only say that if a Brahman drinks liquor molten lead should be poured into his mouth."

MR. PRESIDENT :—"That is all irrelevant to the issue before the House."

* MR. J. A. SALDANHA :—"Whatever it be, I am submitting that no case has been made out at all for raising this tax at the present moment. If the Government think that they are going to banish the habit of drinking from the country I am sure they will never succeed. Even if they succeed in doing that, I say they will do a great injury to a big industry and good source of wealth and revenue."

* SIR FRANK BIRLEY :—"Mr. President, in rising to say a few words on this motion, I am so imbued with the truth of the maxim that 'brevity is the soul of wit' that I promise not to keep the House for more than a few minutes. The views of my constituents have already been adequately voiced by someone else in another place and as I am in substantial agreement with those views I do not propose to waste the time of the members of this House by reiterating them.

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" I cannot however refrain from taking advantage of this opportunity to say a few words of my own on this vexed subject.

" One of the outstanding features of the reception of this Bill throughout the Presidency was the unanimity of approval from those whose pockets are not directly affected by the terms of the Bill and I would suggest that the very fact that they are not affected is some reason for discounting their approval. However Government having lent a patient ear to the chorus of praise will, I trust, lend an equally patient ear to those like myself whose views are *tainted with self-interest.*

" Sir, in speaking on the Tobacco Bill I mentioned that having accepted the inevitability of the policy of Prohibition I must also accept the inevitability of taxation to compensate Government for the loss of revenue which the policy of Prohibition entails.

" In other words I recognize that it is useless to knock my head 12-45 p.m.
against a brick wall or rather a steel bulkhead, and again with reference to the Tobacco Bill I said that I recognized tobacco as a suitable object for taxation; and I can now say that there are many points in favour of raising revenue by means of a sales tax but there are sales taxes and sales taxes and this is one of the sales taxes of which I disapprove for reasons which I shall endeavour to make in the several amendments which I propose to move at the appropriate time.

" I consider the scale is too high, the scope too wide, the rule-making provisions too liberal and in fact it is full of omissions and commissions which make the Bill unacceptable in its present form and I really think it ought to be rubbed out entirely and written again like the school boy's exercise that was full of mistakes.

" Before I finish I would like to say that I do not like to think of the Hon. the Prime Minister in the *guise of a Shylock demanding his pound of flesh* but I prefer to think of him as a gentle maiden yielding gracefully to the wooing of his suitor. I admit that neither he nor I are well cast for such a scene but if he will appreciate the general idea involved in my simile he will, I hope, see the reasonableness of the amendments which I shall propose and allow the Act to be amended so that it may be a better and wiser Bill."

SRI V. GANGA RAJU :—" గౌ॥ అధ్యక్షా! ప్రస్తుతపు ఈ పన్ను విధానము ఇదివరకున్న పన్నుల విధానముకంటె చాల సందర్భముగానున్నదని మన ప్రధానామాత్యులు తమ అనుభవములనుబట్టి తెలిపినారు. మామూలుగా మన రాష్ట్రములో వచ్చు ఆదాయములో ఎక్కువభాగము బీదప్రజలవల్లనే వచ్చుచున్నది. దానికి తార్కాణముగా ఇంతకుముందు గౌ॥ ప్రధానమంత్రిగారు చెప్పినట్లు 2¼ కోట్ల రూపాయిలు కల్లువల్లను, 1¼ కోట్ల రూపాయిలు సారావల్లను, 50 లక్షల రూపాయిలు గంజాయి, నల్లమందులవల్లను వచ్చుచున్నట్లు తెలియుచున్నది. ముక్తకంఠముగ

ఈ నాలుగు కోట్ల రూపాయిల శిస్తు మీద ప్రజలనుండి వసూలుచేయుట చాలా దుర్భరమైన విషయము. ఈవిధముగా ప్రజలను దురభ్యాసములకు లోనుజేసి దానివల్ల ప్రయోజనమును పొందుచు ప్రభుత్వమును సాగించుట నైతికముగా మానవత్వానికి వ్యతిరేకము. అందులోను ప్రస్తుత భూమి పన్ను విధానమువల్ల రైతులేవిధముగా బాధపడుచున్నారో మనకందరకును తెలిసినదే. ఒక యకరము భూమిగల అసామి తన భూమిపై సంవత్సరమునకు వచ్చు ఆదాయములో 40 రూపాయిలలోను 10 రూపాయిలు శిస్తు చెల్లించవలసివచ్చుచున్నది. అంటే నూటికి 25 రూపాయిలు భూమి శిస్తు కట్టుచున్నాడన్న మాట. ఇంకొక ఉదాహరణనుబట్టి చూచినట్లైతే రైతుయొక్క బాధలింకను వివరముగా తెలియగలవు. ఒక వ్యాపారస్థుడు సంవత్సరానికి 20 వేల రూపాయిలు నిలువచేసిననే తప్ప 1,999 రూపాయిలు నిలువచేసినప్పటికిని అతడు ప్రభుత్వానికి పన్ను కట్టుటలేదు. వీటినన్నిటినిబట్టి చూచినట్లయితే ప్రస్తుతమున్న పన్నుల విధానమేమాత్రమును సమంజసముగా లేనట్లు తెలియుచున్నది.

"గా॥ సాల్దానాగారు మాట్లాడుచు 'ఈ పన్ను దేశములో అశాంతి ప్రబలియున్నప్పుడు వేయదగినది గాని శాంతియున్న ఈ సమయములో వేయదగినది కాదని' చెప్పినారు. వారి దృష్టిలో 'ఇప్పుడు దేశములో యుద్ధము లేదుకదా' యనుకొనుచున్నారు. కాని ప్రభుత్వమును నిర్వహించు కాంగ్రెసువారు భారతదేశమును స్వతంత్రదేశముగా జేయ సమకట్టి ఆ లక్ష్యమునకై దేశములోని ప్రజలయొక్క నైతిక బలము, ఆరోగ్యము, విద్య సర్వవిధముల వృద్ధిచేసి వారిని స్వాతంత్ర్య యుద్ధానికి బ్రిటిషు సామ్రాజ్యతత్వముతో పోరాడుటకు సంసిద్ధులనుగాజేయ సమకట్టినారు. కాంగ్రెసువారు ఈ విషయమును ఇప్పుడు చెప్పలేదు. ఎన్నో సంవత్సరములనుండి చెప్పుచున్నారు శ్రీ నారాయణస్వామి నాయుడుగారు ఈ పన్నువల్ల ఎన్నో కోట్ల రూపాయిలు వచ్చుననియు, కావున ఈ పన్ను అవసరములేదనియు చెప్పినారు."

SRI B. NARAYANASWAMI NAYUDU :—"ఈ సంవత్సరము అవసరములేదని చెప్పినాను."

SRI V. GANGA RAJU :—"అక్టోబరు నెలలో సప్లిమెంటరీ గ్రాంటులలో ఏదోయొకటి కోరవచ్చును. మనకు డబ్బున్నట్లయితే ఖర్చు కనబడకుండాయుండదు. ఈ పన్నువల్ల ఎంత ఆదాయము వచ్చుననే విషయముకూడా ఆలోచిద్దాము. మన రాష్ట్రములో 800 కోట్ల రూపాయిల వర్తకము సాగినగాని ప్రభుత్వానికి 4 కోట్ల రూపాయిల ఆదాయము రాదు. 800 కోట్ల రూపాయిల అమ్మకములు జరుగునాయనే విషయముకూడా ఆలోచించవలసిన విషయమే. 10,000 రూపాయిలు అమ్మకములుచేసే వర్తకులు గ్రామములలో లేరు. ఈ పన్ను చాలా అవసరమని అందరును ఒప్పుకొనుచున్నారు. ఐతే అందులో కొన్ని బాధలున్నవని మాత్రము చెప్పుచున్నారు. రేటు విషయము చూచినట్లయితే ప్రపంచములోని ఇతర దేశములలో అమ్మకపు పన్నును పోల్చిచూచినట్లయితే ఈ పన్ను చాలా తక్కువగానున్నదని చెప్పక తప్పదు. కొన్ని వస్తువులపై వారు నూటికి 30 రూపాయిలు అమ్మకపు పన్ను విధించినారు. ఇవన్నియు చూచినట్లయితే పన్నుల విధానములో ఈ ప్రభుత్వము వారు ఇతర దేశముల ననుకరించుట ఇదియే మొదటి పర్యాయము. అది ఈ అమ్మ

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కపు పన్నుద్వారా ప్రారంభమయినది. ఈ పన్ను సంపూర్తిగా ప్రభుత్వ ఖజానాలను నింపినట్లయితే గౌ॥ ప్రధానామాత్యులు చెప్పినట్లు భూమి పన్నును తీసివేయ గలుగుదుమని చెప్పినారు. నిజముగా పేదప్రజలనుండి భూమి పన్ను తీసివేసి ధనవంతులపైనను భరించగలిగిన వారిపైనను విధించినట్లయితే చాలా లాభదాయకముగా నుండును. ఈ బిల్లు ప్రవేశపెట్టిననాటికంటె, సెలక్టు కమిటీలోను తరువాత అసెంబ్లీలోను తగిన సవరణలతో ఈ సభలో ప్రవేశపెట్టినందులకు ప్రభుత్వమువారి నభినందించుచున్నాను."

The House then adjourned to meet again at 3 p.m.

After Lunch (3 p.m.).

MR. PRESIDENT :—"The House will now resume discussion on the motion for consideration of the General Sales Tax Bill."

SRI B. NARAYANASWAMI NAYUDU :—"Mr. President, an eloquent plea has been put forward by the Hon. the Prime Minister that the sales tax would take us to a great height in meeting the loss of duty on toddy. There is no question at all about that, and I may at once say: if it is going to reduce the excise revenue loss, or if it is in any way going to give relief to the toddy-drawer, there is absolutely no objection; but that is a different question altogether. The real dispute is between the annihilation of that tax . . ."

MR. PRESIDENT :—"I think it is better you come to the microphone."

SRI B. NARAYANASWAMI NAYUDU :—"The annihilation of the liquor tax is a matter about which there will be difference of opinion. It is however unnecessary to detain this House over that question. The real practical question to my mind is the financial reconstruction of the provincial tax autonomy which is sought to be made. Is it made in a manner that is most suitable to the interests of this country? I do not dispute that a financial reconstruction is necessary; but the dispute really is as to the manner of that reconstruction—whether the manner now proposed in this House is the right and the proper manner. That is the only question to be considered by this House.

"The general proposition that a general tax readjustment is necessary is a general thing and is absolutely beside the point, to my mind, as far as I can see. What the Government must justify now is the manner in which they seek to recast this tax system. Therefore, as I have stated already with regard to the Tobacco Bill, I do say with reference to this Bill also that so far as the financial year is concerned, there is absolutely no justification at all for this Bill. I am using the words guardedly 'for this year' because the estimates presented before the House are for a certain purpose, and those estimates do not require at all a crore of rupees

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that is sought to be raised by this Bill. It is not a technical plea that I am raising now. The attitude of the Opposition will depend on what the Government are going to do with regard to this crore of rupees. I am not at all disputing the programme of the other side, I am not at all disputing the fact that they want to accelerate the pace of Prohibition. It is their duty to tell this House what, if this crore of rupees is received this year, the progress we are going to make is, whether this money is going to reduce the land burden or whether it is going to fill up the Prohibition pit. It is not a technical matter in any sense : because if you say that you are going to fill up the Prohibition pit, then I am going to oppose it; if on the other hand, you are going to use this crore of rupees in order to lighten the tax burden on articles of consumption or the excise taxes with regard to production of crop, then the attitude of the Opposition will be entirely different and is bound to be different. Therefore, it is not a technical question that I am putting forward for the consideration of this House. If the Government say : 'No, we want this money in order to be kept as a reserve for tiding over depressed times; certain countries have adopted this method '—I do not have the references now with me, but I know certain countries have such reserves in order to tide over depressed times —if they say so, then by all means, let them say it. If the Government say that they want it for pushing on the Prohibition programme at the cost of all other activities, then I will oppose it. If they want this money for the purpose of relieving the burden with regard to the land tax, then, as I said, my attitude will be different. Therefore it is, Sir, that I say, both in regard to the Tobacco Bill and in regard to this Bill, that it is wrong for this House to be asked for a taxation measure without a regular definite programme being placed before it. It is a clear and decisive issue and I am putting it to the Government. Suppose, for instance, this crore of rupees is raised this year, and you are going to relieve the land tax; the land tax man will turn round at once and say : 'You have no business to oppose a measure which will give me relief; you must support the measure; otherwise, you are acting against my interests '; and that is why I am put in a dilemma now. If the Government say that they are going to put it in the Prohibition pit, I am voting against the proposal; on the other hand, if they are going to lighten the land tax burden, my attitude will be different. Therefore it is that I repeat with regard to this Bill, although the Government have got the right to collect the tax, is it right for them to collect the tax without stating how they are going to spend it? It is absolutely unfair to the Opposition. That is my first objection with regard to this Bill.

"My second objection, as I have stated, is not what may be called an objection to a sales tax, but to the sales tax as embodied in this Bill. That is the question now before the House.

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Is the sales tax as embodied in this Bill a proper tax? Does it deserve our committal or does it not deserve our committal, or does it deserve our condemnation? Surely, Sir, as Sir Birley put it, there are different forms of sales taxes; but the question is, what is the kind of sales tax now before the House? Does it justify the assent of this House?

"With your permission, Sir, school-boy though I might be, I might quote a passage from Fagan and Macy on 'Public Finance', experts who have contributed articles with regard to the sales tax. This is what they say:

'I am led to the conclusion that uniform general sales taxes are the worst; uniform general retail sales taxes, the intermediate; and selective sales taxes, with suitably adjusted rates, the least objectionable for the purpose' (page 583).

"I do admit that the structure of provincial autonomy necessitates the Government to have resort to taxation measures of this type; but that does not relieve them at all at once of the burden of considering the various forms of sales tax. It is no doubt an objectionable method of tax; and what is sought to be done by this measure, the taxation method as embodied in the Bill is the most objectionable. Again, the passage goes on:

'If legislators should nevertheless adopt the worst of these three alternative forms of sales taxes, it will be because they must, or think they must, make concessions to those who believe or affect to believe that sales taxes should be spread uniformly, and universally over all sales or all retail sales. It is perhaps inevitable that some experimentation with general sales taxes be carried on, but every citizen should devoutly hope that the experimentation may be done by some other State than his own.'

"The difficulties in the working of the Act, the incidence of the tax, how the tax will affect the trade and the industries and the primary products—these questions all go to the very root of every kind of agricultural and industrial activity in this country. Therefore, I say it is not a tax of the ordinary type; it has therefore to be examined in all its particulars and in all its details with the necessary care that is due to a measure of this type, by this House. It is no answer to say that prohibition is necessary, or that the crore of rupees will fill up the prohibition pit and therefore this measure has been brought in. The real question is: what is the kind of tax before us? Is it a general sales tax, or as we find in the quotation that I now made just now, is it a retail or a selective sales tax? These are the questions before the House, and these are the points now at issue. I submit, Sir, it is not at all an academic point. It literally has a very important bearing, and in fact, the future of provincial autonomy will always be bound up with what may be called the tariff revenue derived from the several articles produced in the country and also in relation to competition in sales with the products of other countries. This tax is bound to affect us, and it is on a par with what may be called the Imperial preference business of Britain when they dealt with matters like this. Take, for instance, the case of

groundnut. Groundnut is a primary product; it is exported to foreign countries, but it is not a monopoly of this Presidency. It has got to face foreign competition; and when it faces foreign competition, the question naturally arises as to what is the effect of this tax on the groundnut trade. I do not mean to say that groundnut is going to be annihilated. This is not a question of what are called extremes, but the question will have to be considered as to what effect the tax will have on the groundnut trade. It has been definitely stated that the duty on the groundnut trade will fall upon the agricultural producer. Twenty-five per cent is said to be an excessive tax upon agriculture. The Hon. the Revenue Minister was saying something about the effect of the sales tax. I ask: Is it right with regard to groundnut trade? Has the question been examined? What is the incidence of this tax on groundnut? I heard, Sir, that in the Select Committee, it was represented to the Hon. the Prime Minister that the sales tax will be shifted to the producer and therefore the ryot will have to bear it, i.e., that the groundnut producer will have to bear it. The Prime Minister was heard to reply: 'I do not care: I want this money: I may give . . .' "

SRI L. SUBBA RAO :—" Mr. President, is it permissible to refer to the proceedings of the Select Committee?"

THE HON. SRI C. RAJAGOPALACHARIAR :—" The objection may make it appear that the quotation is correct, but it is not." (Laughter.)

SRI B. NARAYANASWAMI NAYUDU :—" If it is not correct, Sir, I do not want to pursue it. I simply say: what is the effect on trade? Groundnut is an important export trade; it is a trade which gives a revenue of about Rs. 10 crores to this Presidency. It is intimately connected with the agricultural products of this country. Agriculture, even according to the opening speech of the Hon. Prime Minister, is paying an excise tax of 25 per cent of a horrible type. What is the effect of this tax then on it? Is it going to add to it? My submission is that it is going to add to it.

" Not only that. Take again rice. We have got boiled rice. What is the position? There is keen competition with regard to boiled rice between Burma and Bengal and this Presidency. What are the figures with regard to this? So far as I can see, boiled rice exports from Madras amount to about Rs. 95 lakhs, while Bengal exports come to about Rs. 105 lakhs—I do not know what the figures are with regard to other provinces. So, what is the position? There is keen competition between Bengal and Madras in this respect in the Ceylon market. By the imposition of this tax, are you not subsidizing the Bengal trade in boiled rice? I want to know whether this is right. Is it right, without a full examination of all details, to put this tax upon Madras rice alone? That is one thing.

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"With regard to other articles, so far as I can see, turmeric exports amount to about Rs. 10 lakhs for the whole country, of which Madras exports amount to about 3 lakhs and Bombay exports amount to about 6 lakhs. There is therefore rivalry in trade with regard to turmeric as between Bombay and Madras. Again with regard to onion, the value of Madras exports is about 8 lakhs while that of Bombay is 9 lakhs, and here too there is competition. Unless there is going to be what may be called a certain uniform tax on the manufacturer or the producer in this country, traders in this province will be at a greater disadvantage if this tax as proposed in the Bill is to be levied. As a matter of fact, this point also is referred to in this book. This is what the expert says:

'It would fall most heavily on the native products of the State and their basic industries as compared with the imported ones. Few States would knowingly pursue that kind of tax policy.'

"It is again the policy of every Government to stabilize what may be called the home products, to give bounties to them in order to make them flourishing. Is your tax system to be the reverse of what is going on in other countries, i.e., are you going to subsidize the trade of foreign countries and place your own home-products at a disadvantage with regard to other markets? That is why I say that the question of exports and imports is a very important question, and that is one of the reasons why I say that this tax ought not to be put. This Bill cannot receive the assent of this House. So far as a selective tax is concerned, that is quite a different question. If it is a tax on particular articles it is a 3-1
different matter, but we are now on a General Sales Tax Bill. P

"There is a further point and I hope other hon. Members will elaborate on that, and that is with regard to the scope of the Bill. It includes practically every article, for instance, rice, chillies, salt and every other blessed thing; it includes not only the breakfast table, but even the things that we must eat. The real question is—it is not as though the producer is not paying; he is of course paying the land-tax—'Are we justified in increasing his cost of living?' If there is in this country what is called the Unemployment Insurance, how the people are affected as a result of this Bill, will be known, because we will know how many persons are drafted into the scheme and how Government will deal with them. Fortunately or unfortunately in this country we do not have that Unemployment Insurance Scheme. Therefore, the result of a thing like this does not necessitate the collecting of figures to show how it will affect the unemployment insurance fund. Sir, increasing the cost of living has always to be avoided at least so far as the wage-earners are concerned. Wage-earners are an important section of the people and it is not good in the interests of the State that the cost of living of these people should be unnecessarily raised.

"Further, Sir, it will be found that this Bill is rather very, very comprehensive and I may even say, too ambitious. There is not

only a duty on the turnover and the payment of a tax on Rs. 10,000 and upwards, but there is vast power taken under the Act by means of rules to regulate all the trading activities of this Presidency by licences. I do not know whether I am correct in this and I am open to correction by the Hon. the Prime Minister. This Bill no doubt proposes to levy a duty of half per cent on the turnover of Rs. 10,000 and over; but it does not stop there; it also proposes that all trades in the country should be licensed under the rules to be framed by the Local Government; and after all, we do not know what those rules are going to be. So, Sir, the whole thing is roped in and without any definite information. If it is merely a question of licences, as they have got in Bombay, it may be all right, because in Bombay they have got statistics and figures which they have compiled to show what its effect will be. Of course, statistics to the Hon. the Premier—and I think, he used the words—' are like mosquitoes '; . . ."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I did not say statistics are like mosquitoes; I said, we must get rid of the mosquitoes and not only count them."

SRI B. NARAYANASWAMI NAYUDU :—" We cannot dismiss these things as mosquitoes. But, you must consider this question as far better than mosquitoes. So, some sort of statistics must be taken and that is why notice of an amendment to the effect that the rate might be fixed at 1/8th has been given. As a matter of fact, we can start with a rate of 1/8th or 1/4th per cent. It should not be taken as if we are opposing it merely for the sake of opposition. As Sir Frank Birley said, it should be rubbed out. If you start with 1/8th per cent and get an idea of the several trades in the country which may be affected by the Bill—whether it is significant or insignificant—you can then ask us, ' Is it unreasonable or obstructive or is it right? ' The difficulty is due to this all-embracing provision. It is like, if I may use a familiar expression ' காஞ்சமாடு கம்பில் விழுந்தாப்போல் .' That means if a famished person gets charge of a thing, he will, so to say, get all the chickens in the world and put them in the broth. So, Sir, I submit this Bill does not deserve our support and has to be rubbed out."

* SRI T. A. RAMALINGAM CHETTIYAR :—" Sir, both yesterday and to-day we have been hearing a lot about the economic principles that have to be applied in matters of taxation, especially the taxation measures which came up before this House yesterday and to-day. In the first place, I was very much surprised that members who belonged to the Justice Party in the old Council, should now come forward and oppose these measures and ask for justification of the Prohibition scheme, that has been adopted by the Government. Sir, no doubt the policy of prohibition was first enunciated by the Congress when they were out of office. But in the old Council—and I am sure especially my hon. Friends Sir

Mahomed Usman and Sir K. V. Reddi know—even in the old Council opinion changed very much indeed. With the concurrence of the Justice Party, of which both of them were the shining lights, and I believe Sir K. V. Reddi was at that time a member of the Government, a resolution was passed amending the motion of which I gave notice to the effect that prohibition ought to be introduced immediately and steps should be taken to bring that about, that immediate steps should be taken for the purpose of attaining total prohibition in the province within a period of twenty years. That was the resolution of the Justice Party adopted while they were in power. So, it is not at all correct for them now to say that it is a policy which is now imposed upon them by somebody else and that they are not responsible for that policy and all that follows from the adoption of that policy. (The Hon. Sri C. Rajagopalachariar: 'Hungry bullocks.') It is not a question of any single party or any single individual asking for total prohibition in this country and trying to adopt it, but it is a question of practically the whole country, including the Justice Party, seeing the necessity for it and adopting it as a national policy, even though for purposes of party politics, since it has been introduced by their opponents in actual practice, they may now come and ask for justification of it, or oppose it as it suits them. Then, Sir, I can only say, and we find, that even though they were convinced of it, they had not the courage to put it into practice. All that the Congress Party does now is, it has taken courage in both hands and is giving effect to the policy to which they (the Justice Party) themselves were converted and which they were also prepared to adopt, but for the fact it would have been unpopular as this measure is found unpopular.

"Well, Sir, having said that, my hon. Friends on the other side will also see the necessity that while they did not take courage and put the policy into practice, they should at least see that it is their duty to help this side of the House which courageously is going to carry out the policy which they themselves accepted while they were in power. Their attitude should be one of helpful co-operation; and I do not of course go to the length of saying like the Hon. the Premier, that they should support us in everything we say and what we bring forward, but what I say is, that they ought to be helpful to us in finding the money. It is their duty, as much as it is the duty of this side of the House that the required amount should be found for the purpose of giving effect to the policy adopted both by them when they were in office and by the whole House here when it was placed before it. Now, Sir, what is the position with reference to finding money for this purpose? Many of my hon. Friends on the other side, especially Sir K. V. Reddi and others, have gone into the list of available sources of provincial taxation, but if they had suggested the possible sources of raising revenue for meeting the deficit that might be incurred in giving effect to this policy of prohibition, there would have been no difficulty in adopting

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their suggestions; but no sort of constructive proposals have so far been made by the other side as to the alternative methods of raising money for giving effect to the policy of Prohibition. Unfortunately, Sir, this policy of Prohibition involves us in very large expenditure. During the years 1923 to 1926 I implored the Justice Party which was then in power that that was the best time for giving effect to prohibition, because we had a reserve of 348 lakhs out of the contribution we were then paying to the Government of India and it would have therefore been easy for them to give effect to the policy of Prohibition had they only the courage to do so. But they did not heed the advice given to them and all the entreaties made to them. But, what did they do? The result was in the year 1920 when our provincial expenditure was nine crores, by the year 1930 when the whole of this 348 lakhs was released to us, our expenditure mounted up to 16 crores, an increase of 7 crores, or very nearly 90 per cent. That was what took place. If at that time, the Justice Party were only true to their resolution and wanted to give effect to the policy, they could easily have given effect to it; instead of doing that, it is not generous on their part to come here now and find fault with those who have the courage to put that policy into practice.

" Well, Sir, it has been said by some, no doubt we have agreed to this policy of Prohibition, but there are so many things you have got to justify. 'You have not told us what exactly you are going to do with this money and so we are not going to support you.' I do not know what exactly my hon. Friend Mr. Narayanaswami Nayudu wants. Sir, we have said that the only thing that stands in the way of enforcing this Prohibition programme is the question of money; and the moment we find it, it is necessary the whole province should be made dry. The first charge on the revenues of the province, according to the Hon. the Premier—he has repeated it both inside and outside this House several times—is the introduction of Prohibition. In fact, he is going to extend prohibition throughout the province with all the available resources that he can find from this and other taxes. This is what he has stated everywhere. I do not think that there will be any difficulty about it at all. Sir, the policy of the Congress is well-defined in their election manifesto; they have stated it on many platforms. It is also well-known that we have got our Mecca, as our Muhammadan friends have got theirs. There is Wardha from where instructions are issued nowadays. It has issued instructions that there shall be compulsory practical education in the elementary stage extending over a period of seven years, within as short a time as possible. That instruction has come and my hon. Friend, Mr. Narayanaswami Nayudu knows it as everybody else . . ."

Sri B. NARAYANASWAMI NAYUDU :—" You go on with ambitious programmes; I was only referring to priorities."

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* SRI T. A. RAMALINGAM CHETTIYAR :—" That is the second policy to which we are committed. Sir, I believe it was my friend, Sir A. P. Patro who made an estimate of the cost of compulsory introduction of elementary education in this Province and he found that for every year the boys had to be in school, the cost came to a crore of rupees and for the five years for which he had to make provision he found that he wanted five crores for introducing compulsory elementary education in this Province. Now, Sir, the provision that has been made for elementary education in the Budget is only two crores; so an additional three crores will have to be found if we are going to introduce compulsory elementary education in the province. But under the new system, that is, the Wardha system, they extend the period to seven years; of course, it is not too long. As a matter of fact both in England and America the school age has been extended from 14 or 15 to 16. From the sixth year up to 15th or 16th year, the boys have to be in school compulsorily and they have provided for it both in England and America. The proposal here is to have this compulsory education for seven years. The calculation made by the previous Government if correct, would raise the cost to seven crores, out of which we have provided for only two crores in our budget, and there is a balance of five crores to be made up. Even if we are going to get a large amount by way of income from the work turned out by the boys, all that we expect is at least the teachers' salaries may be found from out of the sale of the production of the boys in the schools. Even if that is realized, the cost will be two to three crores, over and above what we have provided in the Budget. There are these two things that have to be attended to.

" My hon. Friend, Mr. Narayanaswami also knows and he referred to it just now, that in their election manifesto, the Congress Party promised that the land revenue question would be dealt with. They said that the land revenue would be made permanent giving substantial reduction and they also added that there will be a sort of income-tax on agricultural incomes on an equitable basis, which if well worked will give some amount. There are some adjustments to be made. In short, these are more or less the three big charges which the Congress Party is committed to; and all these things have to be got done.

" Probably we would not be far wrong in saying that they want from ten to twelve crores at the outset. If that is found, then only effect may be given to the declared policy of the Congress and they will be able to carry out all that they promised in their election manifesto. Up to that amount, money has to be found. If Mr. Narayanaswami Nayudu wants to know how the amount is going to be spent, the answer is there already. The first is that we have to meet our deficit caused by the Prohibition policy of the Government and then there are the questions of elementary

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education and land revenue. These are the three matters which are being dealt with together. I do not think that it is quite right saying that the Premier is going to use all the money for only one purpose. The Government, for that matter any Government, has to run the Government as a whole. It is not as if the Government will sit still with respect to all other departments and give effect to their policy only with reference to one department. All the requirements of the country have to be dealt with and it has to spend its income distributing it over all the departments that they consider necessary in the government of the country. So, there are the three policies that I have mentioned. No doubt there are so many other things; there is the question of village re-construction; there is the question of cottage industries to which in one way or another the Congress Party is committed. Though they have to attend to all these questions, the above are the three items which will swallow the bulk—probably much more than the bulk—of the amount; it may even be the whole of the amount, that we may be deriving from this tax. It is quite unnecessary to ask how this particular amount will be spent because it has already been said by the Hon. the Premier that if he was going to get five crores of rupees, that very moment he would extend prohibition to other areas.

"It was remarked by Sir Frank Birley that the general sales tax is being supported by those persons who are not affected and it is the person who pays that is opposing. It is nothing new. Everybody who has got to pay would rather avoid it if he could help it and nobody wants to pay taxes if he could help it. I assure him that he and his constituents were not the only persons that have to pay; there are many on this side of the House, who support the Congress, who have got also to pay. It is not as if members on the other side of the House and their constituents only that have got to pay this tax; there are heaps of people on this side as well who have got to pay; we would also not like to pay if we could help it. As a matter of fact if I could admit those on the other side into the secret of what is going on in this side, I could say that the Premier has had no sleep or any sort of rest owing to the importunities of his own supporters. If it could be helped everybody would like to avoid paying taxes. But what they realize is that they have to pay, otherwise they will not be able to carry out what they have committed themselves to. They think that the heroic course would be to pay the additional taxes; there is no other go, however unpleasant it may be. (Interruption.) That is the difficulty; it applies to every tax, not only to these two taxes. Unfortunately these taxes affect a very large number of people.

"It ought to be said in favour of what Mr. Nayudu said that the general sales tax is bound to affect different trades in different ways. There are some trades which will be affected very hard and

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there may be others which may be affected less. But to assert anything with reference to who is going to pay the tax or to say how it is going to affect them is a very difficult matter. I have been reading literature on the subject for some time and I can say that in the whole field of economics there is nothing more difficult than to assert about the question as to who ultimately will pay a certain tax. It is a very difficult job. Take for instance the general sales tax. What happens? In some cases it is the producer that will have to pay. In some other cases the consumer will have to pay. In a considerable number of cases, the actual dealer will have to pay. It is very difficult indeed to say with certainty who will ultimately pay because it depends on the circumstances of each case. Take the case of the groundnut trade. I agree with my hon. Friend more or less that the market is outside and the prices are fixed by the purchasers and not by the producers. There the tax will have to be paid by the producers. This is quite possible in this trade. But circumstances may not be the same with regard to the other trades. If there is a monopoly as in the case of petrol, there is no difficulty and the tax will without difficulty be passed on to the consumer. But if there is competition and if there are a large number of dealers, probably the dealers will have to pay it. Competition will be such that the dealers will not be able to pass it on to the consumer. In such cases, there will be the difficulty of some of the middlemen being eliminated; but these are difficulties which are incidental to a tax like this.

"But as the hon. Member himself said there are no statistics and no information with reference to all these things. It is only by experience that we have got to learn. He suggested that the experiments might be made by somebody else and that we might profit by that experiment. Who is going to make such experiments for us to benefit? Our difficulty is that we want money and we have got to make experiments ourselves and undertake this legislation and learn how the incidence of this taxation is going to affect the various trades in its actual working. Already when the matter was represented to the Hon. the Premier, he had been anxious to meet many of the difficulties that were represented to him. You may have seen that when the original Bill was published, there was no provision for exemptions. Now, what has he done? He has, so far as cotton and yarn are concerned, in order to help an indigenous industry which is almost in a tottering condition owing to competition from the local mills and imported articles, done the right thing by exempting them from taxation. This is a case in point. Similarly, we have the case of skins and hides where he has introduced partial exemption though it is not a full exclusion. Then the case of bullion dealers was brought home to him; he was convinced that they will really suffer and he has excluded them. He has been trying to meet some of the difficulties. I personally think that he could have done well in

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meeting some more objections; that is a different matter and it is not a matter about which we can really complain and say, ' Because you have not excluded those things, we have to oppose the Bill '. For these are matters which we will have to reconsider in the light of the experience which we may gain during the next half year. If he is convinced by March next that particular trades had been affected very badly by this tax, he will, I am sure, bring in an amending Bill to rectify it. I may also tell my hon. friend, Mr. Narayanaswami Nayudu, who suggested a selective tax in preference to this general tax that some of us on this side agree with him that probably a smaller general tax with a tax on a higher scale on selected goods might yield the same amount that is expected of this tax. But the Hon. the Premier is not in the present position willing to accept that because he considers it too speculative on one side and also it may probably affect the other traders which will have to pay a higher rate. That, I presume, is his attitude so far as I could gather from his speeches. I am sure that Mr. Narayanaswami Nayudu will admit that these are matters with reference to which experience has to be gained. It is only after actual experience is gained and after finding out how we can deal with these things that we could finally adjust this taxation. I am sure that in the absence of statistics and in the absence of any basis on which we may arrive at a decisive conclusion with reference to the incidence of taxation and the results of the tax on various trades, the only course that is open is to have a sort of general tax which is not a final position to which the Government will be committed for ever but a matter for re-adjustment later on after studying the effects of the taxation on the various dates.

" Something was also said yesterday about the calculation of the income from this tax and my statement of the possible income from this tax was put forth sometimes as an argument and sometimes as a matter for ridicule. The data upon which I based my calculations were rough and I had no time to prepare a speech on the particular occasion when I made the statement and I had to make an extempore speech. I made that statement on the basis of what I had in my memory as a result of what I could gather. The data were necessarily rough and I assure the House that that statement was not made in an irresponsible way. The amount is arrived at like this. The sea-borne trade of this province comes to about 100 crores of rupees; the rail-borne trade will be somewhere equal to it. We have no statistics for it. Our rail-borne trade may be somewhat less or very near that. We get a large quantity of goods even when they come from abroad, through Bombay and other ports coming through railway. Though we have no figures to proceed upon, we may take it that the rail-borne trade will be very near the sea-borne trade of the province; it may perhaps be somewhat less. Then there are the mineral resources and also industries. Of course the industries do not

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stand by themselves and they have to be taken along with raw products. The industrial and mineral output have to be added. Then we have got the agricultural products. We have got 36 million acres under cultivation. I think that in 1937–38 the extent of area under cultivation was 36 million acres, three-fourths of which produced foodstuffs and one-fourth produced non-foodstuffs. If we take one hundred crores under each head as the income then the total income will come to five hundred crores. Out of that we will have to leave something for the agriculturists' own consumption. And for that if we leave half of one hundred crores, the whole trade will come to something like four hundred crores.

"Now, Sir, another difficulty arises. This is all rough calculation. In the case of groundnuts it was mentioned that it changes hands about three times before it finally goes out of the province to other countries. But if you take a commodity like cotton, before it reaches the consumer it passes through something like eight to twelve hands; and so, you will find how many turnovers there will be in each case to pay tax. If you take four hundred crores as the basis of the transactions of the turnover, and if you calculate four or five times on that, you will get ten crores. So you will find that figure ten crores, I originally said, was not made with an idea of a bravado on one side or with an idea to threaten other people, on the other side. It was made only on a rough calculation. The exact figure could not be worked out, as nobody knows what will be the number of turnovers with reference to each goods. So I was able to say only on a rough scale. I may say that I mentioned some of the data for arriving at the figure and all that, naturally, as there was no written speech, the report of my speech did not contain all that I said. The Chamber of Commerce expected from me the treatment of the matter at some length; I made a speech extending over nearly two hours, but the report of it was only 1½ to 2 columns in the Press, and naturally you do not expect all I said to appear there. So, I am sorry to say, I was attacked on both sides. (Laughter.) Not only that it was necessary, in justification to myself I have to explain how that figure was arrived at. The statement was not made irresponsibly.

"Then, Sir, it was also said that we are not helping exports, and that it ought to be in the interests of this national Government to support our indigenous products. That is the policy that is adopted by this Government. As a matter of fact, the Select Committee went into this question and one of its reasons is. . ."

MR. PRESIDENT :—"The hon. Member should not say anything about the proceedings of the Select Committee."

* SRI T. A. RAMALINGAM CHETTIYAR :—"Sir, the question of competition from other markets and other provinces has been one of the reasons for exempting cotton and yarn from the incidence of taxation. Similarly with reference to skins and hides, it is this same consideration that led to the levy of the tax at one

stage instead of at all the stages. And again it is this consideration that made Government agree to give a rebate of half the tax on finished goods exported from this province. I dare say there will be several such goods to be exempted in that way; and experience alone will show that. I am sure the Hon. Prime Minister will consider the situation when it arises. Of course, I have already said that there is a way of adjusting matters and he will do it when next he amends the Bill. And also I hope he will make the tax as low as possible, have a list of luxury articles to be taxed heavily under this measure, like motor cars, perfumery and things like that. So that what may be lost by way of general tax may be gained by way of a luxury tax. By doing so, Government will not be worse off. Even if the luxury tax is begun at a low figure it is bound to increase the income from this source in course of time, and then the rate can be increased. Such re-adjustments will occur with reference to this tax; because this tax will take the place of the excise and land revenue. Ultimately this is going to be a big source of revenue for the Government in years to come. This I think is the present position; and so this is the justification for this Bill.

"I am now reminded by an hon. Member near me that the Justice Party, while it was in power undertook also the policy of Prohibition, as we have done. They started four lakhs allotment for the purpose of anti-drink propaganda. Yes; but it did not have any effect; they only wanted to show to the people that it is not good to drink. All the same, that only shows, it is not a new policy that this Government is putting forward. In fact that has been the policy for a long time of the Government-in-power; all the parties in India support it; all the people in India support it. It is also a fact that the upper classes do not give revenue under this drink tax; and the general feeling in the country is that the upper classes should say that they do not want drink at all. And if they say that, there is no justification for the poor people, the illiterate people to be forced to bear this Drink tax. And that is why all parties in the country including the Justice Party adopted the policy of Prohibition."

* MR. S. J. GONSALVES :—" Mr. President, the question that arises for determination by this House is whether the tax proposed as a general sales tax is a just tax, and whether it ought to be sanctioned by this Chamber. This morning the Hon. Prime Minister made a vigorous attack upon two main sources of revenue that paid the cost of administration of this Province. The first is land revenue. And he said that it is an excise on foodstuffs, and as it is an excise on foodstuffs it is dishonest. The second source was excise revenue; and he said that excise revenue was an excise collected from the poor people. And as it is money drawn from the pockets of the poor people, it is unjust and it is also dishonest. I think, Sir, he used the word 'dishonest' and that is why I am

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THE HON. SRI C. RAJAGOPALACHARIAR :—" I did say 'dishonest'."

* MR. S. J. GONSALVES :—" Thank you, Sir. I desire to examine the tax proposed to be levied in the light of these observations. My submission is that the taxes proposed to be levied by this Bill are also dishonest when examined in the light of these observations. Because *this Bill does not exempt foodstuffs*; and mind you, they levy tax on foodstuffs not once, twice, thrice or four times—and I think, here, I may use the language of Mr. Ramalingam Chettiyar, when he said that the commodity will change hands from 8 to 13, and he said that with reference to cotton and cotton yarn. It is also true of foodstuffs; for they too, before they reach the actual consumer will change as many hands as cotton or cotton yarn."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Perhaps Mr. Gonsalves will not grudge my telling him, that it is not foodstuffs that is taxed, it is the man who buys the foodstuffs; not the producer of the foodstuffs, but the consumer who pays for it and who is able to pay for it. The difference lies in this; the foodstuff is taxed; but not the man who produces it, but the man who buys it."

* MR. S. J. GONSALVES :—" The Hon. Premier says it is not the producer but the consumer of the foodstuffs that is taxed. Now the point that arises is whether foodstuffs should be taxed in this country, where the purchasing power of the people, as has been several times pointed out, is very very small. I think it was pointed out yesterday that the average income of a man in this country is Rs. 4 or Rs. 5 only per mensem, or roughly say Rs. 50 a year. (Interruption from the Opposition Benches.) Anyhow the purchasing power of the ordinary man in this country is far lower than that of similar people in other countries. I think that proposition cannot be controverted.

" Now, the point I want to make is that it is not just to tax foodstuffs when the purchasing power of the people is low. If you look at the taxing clauses in this Bill you will find that not one single article of foodstuff has been exempted. Even the most necessary articles are also brought within the scope of the Bill. The exempting clause is clause 5, where you see only bullion, specie, cotton and cotton yarn and cloth woven in hand-looms are only exempted. So in the list of exempted articles you do not see a single article of prime necessity. May I submit it is very unjust to levy a tax even on the primary articles of food. Now the point is also this: how many times is this tax to be levied? If it is to be eight to twelve times, what will be its effect on the price of those articles? Is anybody in this House in a position to say that the price of foodstuffs will not increase?

"I think Mr. Ramakrishna Reddi went into details and said that in numerous cases the consumer will have to pay; and I, for my part, think that in the matter of foodstuffs the tax will eventually fall upon the consumer, for he has to pay whatever price is demanded. Therefore, the producer and the dealer will see that the burden of the tax will be shifted on to the consumer of necessary articles of diet. I submit, Sir, that taxing the consumer by raising the price of the foodstuffs is unjust and is certainly dishonest. It seems that it is eight times as dishonest as land revenue.

"Then, Sir, the persons that are exempted are the bullion sellers and specie sellers. Well, we are not very much interested in bullion sellers and specie sellers and I think they are people who can take care of themselves. I do not think that they want protection from this House. I think the persons who want protection from this House are the poor. It is these poor people of India that we must look after and that we must protect.

"Then, Sir, it has been pointed out that cotton sellers, cotton yarn sellers, and sellers of cloth woven by hand are also exempt. Well, Sir, dealers in those articles will be exempt and these dealers I place in the same category as the dealers in specie and dealers in bullion. They are big men like Mr. Ramalingam Chettiyar and other people and they will be able to take care of themselves. But all this cotton and all this yarn that is produced by big people and that is produced by mills are not usable by the common man and they are not usable by the poor man, unless it reaches the manufactured form; and when it reaches the manufactured form, the tax is levied upon it. It will be seen, Sir, that the tax is to be paid upon these articles, not when they are in the hands of big people but when they come to the consumption stage, when they have to be used as articles of clothing.

"I submit, Sir, that this exemption is only a seeming exemption, but not a real exemption. I lay stress upon the word 'seeming'; it is not real exemption. Actually the poor consumer has to pay the tax. The observations that I have made with reference to foodstuffs are applicable to this also, because articles of clothing, ordinary clothing, are required by every man; and therefore the dealers will see that they shunt this tax on to the consumer and we will be making the consumer pay. Therefore this tax is unjust and this tax is dishonest.

"Then, Sir, probably another exemption that is found in section 5 though deemed to be an exemption, is also only a seeming exemption. It is not a real exemption. That exemption is 'cloth woven on handlooms.' Cloth woven on the handlooms will be exempt only in the hands of the dealers, who deal exclusively in it and not in the hands of dealers who deal in other articles. How many people are there who are dealing in cloth exclusively woven

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by hand? Every dealer has to deal in a number of articles, because it will not pay him to deal only in one article; he must earn an income by trading in more than one article. Therefore, after all, the dealers who will be exempt will be very few and when the articles reach the consumer, they will have to pay a heavy tax, because the man who produces the cloth does not pass it on to the consumer direct, but I think it will pass through 8 or 12 hands, and as Mr. Ramalingam Chettiyar said, the 8 or 12 point tax will affect the price and the effect upon the price will be the same as that on foodstuffs and the consumer will have to pay a heavy tax. Therefore the tax is an unjust tax and it is also dishonest.

"Now, Sir, coming to the other point of the Excise Revenue it was said that the Excise Revenue is dishonest revenue. Well, I certainly object to the word 'dishonest.' I agree that some points may be made against Excise Revenue."

THE HON. SRI C. RAJAGOPALACHARIAR :—"May I again correct, Sir. I did not say the revenue is dishonest. The system of taxing a particular class of people to support the State expenditure of the whole of the population is a dishonest system, especially when these people do not know that they pay for the whole of the State expenditure."

* MR. S. J. GONSALVES :—"If I understand the Hon. Premier aright, what he says is that the system by which the revenue is derived from the poor and how they are made to contribute to the cost of the administration without their knowing it is dishonest. After all the drink revenue is only contributed by a very small percentage of the poor and I think that fact will not be controverted. It is not all the poor people that go to the taverns and toddy shops to drink. Certainly some of the people go and that is a very small percentage; and I think, by statistics, we could say what percentage; of these poor go to the taverns and from what percentage of the poor this revenue is drawn in order that they may contribute towards the cost of the Provincial administration. But in taxing the foodstuffs it seems to me, Sir, that the tax is being imposed not upon a small percentage of the poor, but upon cent per cent of the poor people. Every poor man will be made to pay the tax; it is not only the men who choose to go to the tavern or toddy shops, but every man, whether he be a paralytic, or a man begging in the street and every woman who may not be able to go out of doors—even she—will be made to contribute to the cost. Her foodstuffs are taxed and she will have to pay when the Bill becomes law; she will have to pay more than she has been paying to-day, the contribution that is demanded by this Government. How can it be said that it is an unjust contribution when the contribution is made by a small percentage of the poor, who perhaps were able to pay—because it is not that they had not the money; (the system of buying toddy is a cash system; so far as

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I know there is no credit in the toddy and arrack shops) the man has got a surplus and instead of spending it on foodstuffs and better articles, he spends this on drink. I am not going to justify it. After all, it will be seen that the man who has got the surplus, instead of spending it on foodstuffs and other commodities, spends it on toddy, etc. (Interruption: Coffee and tea.) I am coming to that. It is an argument that has been advanced in all districts. Coming to the question of coffee and tea, it is really this. No doubt amenities have been provided for instead of drink in the shape of coffee and tea. It is certainly good. There is no doubt about it at all. What I am going to say is that these people who had the surplus money, 4 annas or 3 annas or 5 annas a day are now spending on coffee and tea instead of on toddy and arrack. Before they leave the coffee shop they spend their 2 annas or 4 annas. I may say it is certainly a better form to spend on coffee and tea rather than spend it on toddy and arrack. But after all the money does not reach the house. Now, Sir, the point I was making is that taxing the people upon the absolute necessaries of life is not just and, here we are taxing all these people upon the absolute necessities of life.

(At this stage the Deputy President occupied the Chair.)

"We are taxing not merely people who are willing to pay, but taxing people who are unwilling to pay. Therefore, Sir, this tax must be deemed to be a tax which is unjust and it is a tax which is far more dishonest than the excise tax. (Hear, hear.)

"Well, Sir, I am turning to another aspect of this Bill. And it is this: the hardship caused to the people by the obligation laid upon them. Every person is bound to keep the account except very small people. That is clause 13:

'Every dealer and every person licensed under section 8 shall keep and maintain a true and correct account showing the value of the goods sold and bought by him; and in case the accounts maintained in the ordinary course, do not show the same in an intelligible form, he shall maintain a true and correct account in such form as may be prescribed in this behalf:'

Then there is the proviso,

'Provided that this section shall not apply to petty dealers whose business is such as is not likely to make them liable to taxation under this Act.'

"It is not clear as to who are those petty dealers. What is the definition of a petty dealer? Practically it comes to this, that every dealer, any man who deals, is liable to keep an account and if he does not keep the account, I think, he will be subject to unnecessary harassment which is sure to be the result.

"Then another aspect of the Bill is: it seems to me that this Bill has been very hastily conceived and that the Government themselves did not know what powers are necessary for collecting the tax that is levied under the Bill. It is a very short Bill. If you go through the clauses, I may say, every section has been

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provided with a rule-making power that the Government take for themselves. Except sections 2 and 3 almost every section, if we read the sections through, is provided with rule-making powers. Section 4, says 'shall be determined by the rules made in this behalf;' again in sub-section (2) says 'in such manner as may be prescribed by the rules made by the Provincial Government in this behalf;' rules are yet to be made by the Executive Authority. The next section, section 5 says: 'subject to such restrictions and conditions as may be prescribed.' Therefore the conditions and restrictions are to be prescribed again by the Government. Section 7 again says 'such finished articles of industrial manufacture as may be notified by the Provincial Government and subject to such restrictions and conditions as may be prescribed.' Again section 8 says 'The Provincial Government may, on application and on payment of such fees as may be prescribed in that behalf, etc.;' section 9 (1) again says : 'shall submit such return or returns of his turnover, in such manner, and within such periods as may be specified in the rules made under sub-section (2) of section 3.' Sub-clause (b) of clause 9 (2) again says the same : 'If no return is submitted by the dealer . . . the assessing authority 4-1 p.m.
shall proceed to determine the turnover in accordance with the rules under sub-section (2) of section 3.' The rules have yet to be made. Section 13 says the same thing: accounts have to be kept in the form 'prescribed in this behalf.' The forms have yet to be prescribed. In almost every section the Government want to take powers to lay down the procedure and to determine the method of taxation. Now, Sir, legislative powers are powers which a responsible Legislature jealously guards and which a responsible Legislature cannot surrender to executive authority. Here undefined powers are sought by the executive authority, and this argument was advanced by Sir Frank Birley when he spoke on the Tobacco Bill. These undefined powers which the executive want to take for themselves are powers of the responsible Legislature.

"Then, Sir, again there are the other sections to which objection was also taken in similar sections of the Tobacco Bill. There is the last section: 'If any difficulty arises in giving effect to the provisions of this Act, the Provincial Government may, as occasion may require, by order, do anything which appears necessary to them for the purpose of removing the difficulty.' It is difficult for us with a proper sense of responsibility to abdicate these powers in favour of the executive, for practically it will amount to an abdication of these powers in favour of the executive.

"Now, Sir, coming to the yield of this tax, in the Statement of Objects and Reasons, it is said that the incidence of the tax will come to a pie in the rupee and that therefore it may not be considered a very heavy imposition. I really do not know how Government have arrived at this figure of one pie in the rupee. If

Mr. Ramalingam Chettiyar said somewhere upon his own calculation that this tax will yield ten crores, the Hon. the Prime Minister said that it is expected to yield only one and a half crores."

SRI T. A. RAMALINGAM CHETTIYAR :—" With the exemptions."

* MR. S. J. GONSALVES :—" If the Hon. the Premier had said with the inner knowledge as head of the Government, by having the facts and figures, by having reliable statistics before him I would have accepted it. But in giving us the figures, he says, 'I shall give it only as a guess.'

(At this stage the Hon. the President resumed the Chair.)

" I would not accept it if it is a guess, even if it is a guess of the Hon. the Prime Minister. I hope he will excuse me. He said that the net result of this tax will be that the Government will get a crore and a half. And then he said, 'You are talking of ten crores and five crores, but you are forgetting how much you will have to spend on the cost of collecting.' We have to invent the machinery, a very difficult machinery for collecting this tax. An elaborate machinery is required for collecting this tax. We do not know what the machinery is and we do not know what this will cost. If the Hon. the Prime Minister will tell us what the working of the machinery will cost, we can come to the conclusion as to what the net result of this tax will be. He says that the net result will be one crore or one crore and a half. If he comes to that conclusion he must give accurate figures. He must tell us the gross collections. He should tell us what the Government expect from this. Then he must tell us what he considers to be the cost of collection of this tax. Then deducting the second from the first and thus only he must give the figure which is the net income of the Government. I say this in order to show that the incidence of taxation would be far heavier than what the Hon. the Prime Minister thinks it will be. I think the consumer will be hit very hard. The consumer will have to pay very much and I think the purchasing power of the consumer is so low that to put this burden upon him is certainly unjust and far more dishonest than the dishonesty involved in the land revenue and the dishonesty involved in the excise revenue. So, Sir, I submit that it will be difficult for this House—I personally find it difficult—to give assent to this Bill."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—" Mr. President, I am sorry I have to speak with diffidence for I am not a student of finance as Dr. Thomas. But as a ryot I think I have to speak on the various provisions of the Bill.

" Mr. President, as an agriculturist I am sorry I have to oppose this measure of taxation that is placed before this Honourable House, for I honestly feel that this Bill when it is translated into law will produce very mischievous effects on the agriculturists

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as well as the rural classes of this province. Here is a tax, Sir, which is a bad and pernicious form of capital levy not merely curtailing the enjoyment and comforts of a large number of the middle and poor classes but also drying up the stream which fertilizes the whole field of employment and industry. It is an admitted fact Sir, that agriculture in this province is the main industry. Mr. President, eighty per cent of the population of this province entirely depend upon agriculture and agriculture alone and the main products of trade in this province are the products of agriculture to a very large extent. At present in these days of depression the ryots are not able to find proper markets to sell their goods such as groundnuts, paddy and rice. They have to be at the mercy of the businessmen. At times they have to sell these articles at very low prices. When you levy this Sales Tax what is the position of the grower? It is true that we have provided a clause in this Bill to say that the agriculturist will not be taxed when he sells his products to the purchaser. But how far it is going to help the producer is a question that we have to decide. Mr. President, I honestly feel that this position will not help the agriculturist under any circumstances. Taking for instance groundnuts, we have to sell it to the foreign merchants. He purchases the article only having regard to the tax that he has to pay to the Government. He deducts that from the cost and pays the remaining amount to the agriculturist. If there is a provision to say that all agricultural products are exempted, then I can understand how far it is going to help the agriculturists. But when we have introduced a provision that when the agriculturists sell the articles, the purchasers have to be taxed, then there is no benefit to the agriculturist. It is all the same whether there is the exemption provision or not. And, again, Sir, with regard to these articles they must have good markets. The power of consumption must be enlarged. The Government must see that this consumption is expanded by various methods. But by introducing this you are curtailing that power of consumption, because it will be a tax on the rich as well as the poor, whether the articles are luxuries or necessities. The cost of living will be greater. The purchasing value of the person will be decreased with the result that he will not be able to purchase as freely as he could do otherwise. So the consumption is limited with the result that there is a fall in the price of the commodities. Who is the loser? I say it is the agriculturist. In spite of the provision you have made, you are not able to give the necessary relief to the agriculturist as far as the cost of their products of the province are concerned.

"Then, Sir, if you look into the history of other nations you will find that on account of this tax the power of consumption has been decreased to a very large extent. The following passage will bear eloquent testimony to my statement :

"The writer during visits on two occasions to Germany and France, made some investigation of the effect of the Sales Taxes in those countries and prices and became satisfied that the result was to increase the prices to

the consumer in at least as much and often more than the amount of the tax. In this connexion it ought to be said that a mistaken idea is prevalent that the consumption of what are ordinarily called " necessities " goes on the same, regardless of business conditions. Reliable statistics have shown that in this country at least and probably elsewhere the consumption of such a staple article as flower has decreased to a very considerable degree by the effects of what are commonly called " hard times," and the depressed period of 1930, 1931 and 1932 has shown to what a great degree purchases of such articles of necessity as clothing are affected by such conditions.'

" So the history of this tax in the foreign countries has shown that the power of consumption has been to a very large extent affected and the prices have gone down. The same rule holds good in this province also and therefore I submit that this Sales Tax goes a long way to affect the agriculturist of this province. Again, it not only affects the agriculturist but even the poorer classes, the workmen. As I have already said the cost of living will be greater and the purchasing power will go down. The standard of living will be at a low ebb. Again I say, Sir, if you look into history of the taxes in other countries the rule holds good there also. The cost of living has been very high. The rich man will no doubt be taxed to a large extent, but I submit that he will not be affected as much as the poor. After all, the money that the rich man has to spend on the cost of his living will not be much. It will be negligible for him when it is compared to his income. After all, perhaps instead of spending a thousand rupees the rich man will be driven to the necessity of spending a couple of hundreds more. He can afford to spend. that easily. But what about the poor man whose income is only about four or five annas a day? That man, instead of spending four annas will have to spend more. He will have to spend half a rupee perhaps. So, the way in which it affects the rich man is nothing. It is, as I said, negligible for him. I therefore say that this tax affects the poor man more with the result that he has to starve.

" I am surprised to see that even the foodstuffs have not been exempted from the operation of the law. A large number of countries have exempted them. Here even the ragi, the cholam, and the rice, have not been exempted. It is an admitted fact that the standard of living is very low as I already said, and that it is difficult for the poor people to make both ends meet. Under these circumstances how can you insist on these people to pay more taxes not on luxuries but even on necessities of life such as ragi and cholam? If you look into the conditions of other countries as I already said you will find what happens there. When I go to the amendment which I have given notice of I would draw the attention of the House to the operation of the law in other countries with regard to foodstuffs. But here we have not exempted the foodstuffs and that is the reason why I oppose this Bill. It has been argued that the Justice Party people are opposing everything. It is not the case. We have supported the prohibition policy. We have given our consent and even have voted for it. But why is it that we are opposing this measure? It is because you have not given exemption to foodstuffs and the agricultural

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products. You have not allowed the poor man to have his food. If you had exempted the agricultural products and the foodstuffs of the poor and taxed only the luxuries, I will be the first man to support your measure."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Is it so? "

SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—" I have no practical objection."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Is it a sporting offer, Sir? " (Laughter.)

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—" Sir, the other day when the Electricity Bill came up before the House I asked the Hon. the Premier whether it is going to affect the agriculturist. He said, ' No ' and then I said I had no objection to it."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I am referring to the foodstuffs tax."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI :—" What all I say is, that if you give exemption to agricultural products and foodstuffs, I will be the last person to oppose the Bill. Because we oppose this measure I do not want the Government or the Chief Minister to think that we are opposing prohibition. As you know, we have voted for prohibition. But what I want to impress upon Government is that they should take into consideration the present miserable condition of the ryots, and the poor classes of this Province.

" If you look at the working of the various Parliaments, you will find that ' Ways and Means Committees ' sit there in order to advise the Government as to how a particular source of revenue could be derived. They discuss and finally come to a conclusion and then advise the Government as to what sort of taxation measure they might bring forward in order to raise money. I ask ' Is there any such committee here? ' You have brought forward within a couple of months six or seven taxation measures in this Province. Have you found out what would be the income that would be derived as a result of giving effect to those taxation measures? You do not know what the actual income from those measures would be and whether there is any necessity to levy more taxes now? Some three or four Bills were passed only day before yesterday; you have not given effect to those measures and immediately you now come before the Legislature with a fifth proposal to put a sales tax on all articles, without finding out whether such a tax is necessary or whether it will benefit the poor or the rich. My submission is ' why are you in a hurry?; find out if there is a necessity for such a tax; if you find out after full investigation that more money is necessary, by all means you can come forward.

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with a proposal like this.' Without doing that, there is no meaning on your part in coming forward with a fifth measure of taxation. If we oppose such a measure you say ' you are opposing the policy of prohibition.' My submission is ' you better find out what the probable income would be from the measures that have already been passed; and if you think that something more would be required, then resort to this taxation measure.' Now, Sir, supposing we ask the Government, ' what are you going to do with the large amount of money that will be collected as a result of this sales tax?' —of course we want that more land revenue remission should be given—they will probably say ' we cannot say anything definite now; we may spend the surplus perhaps for education or for rural reconstruction ' and so on and so forth. Hence, Sir, we become diffident; and at times we are inclined to think whether the Government will even increase the land tax in spite of the fact that they are going to pass this measure.

" Another point which I would like to stress upon is this: the trade and industry of this Province will greatly suffer on account of this tax. Sir, I can understand if you tax a person when he gets a profit, but it is not like that. You are going to tax a person whether he gains or whether he loses. In this connexion I would like to just place one illustration before the Government for their consideration. Generally in all cases the local merchant goes from place to place and enters into contract with owners of different commodities. For instance, take the case of mangoes. What the local merchant does is this: he enters into contract with the owners of mango gardens even when the mangoes are not ripe, saying that they would pay such and such an amount for a particular mango garden for a particular year. In this way he goes from village to village and takes on contract a number of gardens, say on the whole for Rs. 20,000; now, after the agreement suddenly you have a storm; what would be the effect of it on these mango gardens? Sir, I may tell for the information of the House that it is usual at least once in three or four years that mangoes fall down before they are ripe on account of storm. Then, what is the position of the traders? He loses the whole amount. Now, I ask, under these circumstances whether it is fair for the Government to go and ask him to pay this tax, whether he loses or gains in his business. Sir, when a man has lost his money and when we see with our own eyes that there has been a storm and on account of that he has lost, is it fair, I once again ask, without realizing his hardship, to go and ask him to pay the tax? I say it is unreasonable and unfair to do so. If Government are convinced by the records or oral evidence that the trader has really lost, I ask ' why don't you give some remission?' I believe that he is entitled for some remission: it is but quite natural and reasonable. So it is my humble opinion that such cases deserve consideration. Again, Sir, the point is whether it will help trade if a business man is asked

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to pay a tax, whether he gains or loses in his business. I believe it renders him unfit to come out boldly and carry on his trade. He loses his enthusiasm. For instance a trader in a commodify feels diffident before he makes up his mind to purchase articles on a large scale. Supposing I have lost in my paddy trade I may not be able to pay the tax at all. It may be argued that after all, you are asking the traders to pay only one-half per cent. But I ask 'Why should you create so much diffidence in the minds of the traders by introducing this tax?' Now take the case of paddy. It is cultivated in Nellore. The grower first sells the paddy to the rice mill-man and the mill-man sells it to the wholesale dealer and then the wholesale dealer sells it to the retail-dealer and so on. So before the rice reaches the consumer it passes through five or six stages. So the consumer, in addition to other kinds of expenditure that has been incurred in the transport and other things, has also to bear this additional tax added on at so many stages. So my submission is that this tax will kill the trade to a large extent unless you see that some articles at least are exempted from this kind of tax.

"Then, Sir, take for instance the rice bag that you purchase in Nellore costing Rs. 15 per bag. Now the dealer will be able to sell his bag with a small margin of profit say annas 2 or so per bag. But if you impose a tax on the turnover, I am afraid, the tax would be considerably very high when compared to the profits he makes at the rate of annas 2 per bag.

"Sir, it is argued that this tax is levied in other countries like France, Canada and other advanced countries. Sir, we have been told that this tax was introduced in other countries under extraordinary circumstances just when there was a war. As a matter of fact—that is what so many writers have told us—after the war was over, in many countries they have repealed a number of provisions in the Sales Tax Act and exempted, for instance foodstuffs, agricultural produce, etc. Even after such exemptions, there is a lot of opposition in countries like the United States of America, France and in a large number of countries. They are struggling hard to repeal the sales tax. I should like just to refer you to what a writer has said with regard to this tax in France. He says :—

'It seems to be generally supposed that in France the sales tax has been accepted, if not with entire satisfaction at least without serious complaint on the part of the French people. This supposition is quite erroneous. The sales tax has been a storm centre in France. Cabinets have gone into power upon it and have been quickly swept away when they attempted to strengthen it. In the Chamber of Deputies charges based on campaign pledges in relation to it have been hurled back and forth and members have indulged in personal altercations. Attempts have been made to repeal it and it has been changed and modified in many respects since it was first established. The small shop-keepers of the Rue de Honore struck against it in its original form and put up their shutters. No one seems to have supported the tax as being a desirable one. On the contrary its adoption and preservation were urged on the grounds of necessity.'

'A large number of the deputies were strongly opposed to it. The most bitter against were naturally the radicals and socialists. One Member attacked the turn-over tax, saying in substance that the tax would be especially hard on workers with large families; it would be passed on entirely to the consumers; it would paralyze the spirit of enterprise of those firms working on a large turn-over and a small profit margin basis and it would crush the small dealer and the middleman.'

"That was the state of affairs in several countries like France, United States of America and Canada. If that was the state of affairs in those countries, what should be the position of India where you have got only poor people who are struggling hard to make both ends meet? I only draw the attention of the Hon. Premier who has a great interest in the affairs of the poor to this fact and urge that there must be exemption with regard to foodstuffs, agricultural produce and such other necessaries of life.

"Again, it looks as if that what the Government are giving with one hand, they are taking away with the other. It is true that by introducing Prohibition they are helping the poor people. Prohibition has also been introduced in my district, and we are certainly supporting the poor people. I do not object to the introduction of Prohibition. But what I say is that the very same people who have been saved from drink are now asked again to undergo more trouble on account of the various taxes, especially the sales tax which is going to be imposed on them. Therefore I say that what you have given with one hand you are taking away with the other. I am only sorry that this Government should have come forward with this measure of taxation without waiting for three or four years to know the results and the loss on account of Prohibition.

"After all, after the passing of all these taxation measures it appears to me that what one writer had said on some occasion with regard to these various taxes, will also hold good to the taxes in our Province also. Turning to the effects of the various taxes on middle classes, he pointed out

'that a Member of this class rose in the morning from the taxed bed, ate a taxed breakfast, sent a taxed child (there being no allowance for children) in a taxed car, or a bicycle to a school where it imbibed taxed knowledge and wrote on a taxed paper, went to work himself, returned to a taxed meal, turned on a taxed radio, listened to a taxed news and finally retired to a taxed bed.'

"After the passing of the Sales Tax, Sir, I believe that would be the position in our Province also."

* DR. P. J. THOMAS :—"I belong to the unfortunate profession of economists. If we support politicians, they call us experts. If our opinions go against theirs, then they call us mere theorists, 'so-called' experts and so forth. Some of them also impute motives to us, when we support or oppose a measure. It was only the other day, I think, in the Lower House a Member spoke of me as a 'convenient economist,' because I supported the Sales Tax Bill. I do not know what he meant by the term 'convenient,'

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I do not know whether he meant that economists are people who support the Government whenever it suits their convenience. Sir, on this point, may I be permitted to say that long before this Government thought or at any rate discussed the Sales Tax Measure, I had pointed out the need for the Sales Tax. On the very first occasion when this Council met, the 7th September 1937, I pointed out—this is found on page 145 of the Official Report of the proceedings for that date—that a General Sales Tax on goods was desirable if more revenue is needed. Then, two pages following the above page, I again adverted to it and said that in several European countries the sales tax was an important source of revenue, and that with the introduction of prohibition, a sales tax would be particularly justified as a means of tapping a part of the extra income that prohibition would put into the pockets of traders (page 147).

"Now, having already supported a Sales Tax, even a general Sales Tax, as early as 1937, it cannot be said that I have come conveniently to support the Government at the last stage. Even before 1937, I have urged the need for broadening the basis of the provincial tax system by levying fresh taxes. It is unnecessary to go further into this small matter. 4-45 p.m.

"On this occasion I wish to point out not only to Mr. Langley in the other house but to members of this House like Sir Frank Birley, that we in this country are trying at the present moment to re-adjust our tax burdens on an equitable basis. They in their country had to carry on a similar fight since the days when Sir Robert Peel repealed the Corn Laws. Mr. Gladstone had to encounter even more opposition when he imposed the income-tax. In more recent times, Mr. Lloyd George had to fight for introducing the 'people's budget.' For the time being several politicians and traders in England were up against the Government. Of course now we realize that these reforms have paved for an equitable system of taxation, one suitable for democracy. But this was only possible after a severe struggle. In the same manner we have got to fight in this country against vested interests. Some of us speak out frankly about this. We have to adjust our tax burdens more equitably. We have to take away unjust burdens which are now on poor shoulders and impose the same on the shoulders of people who are better able to bear them. If the traders have to pay some new taxes, it is their duty to pay them because they have not been burdened much in the past. We are trying to fulfil a very noble purpose. It may be we are only doing it imperfectly. Other people in future can rectify the mistakes we are making.

"I may now explain why I supported the Sales Tax. I did so on two grounds. First of all I believe with reason that the

tax-burdens in this country have been and are unjustly distributed. That is to say, the burdens have been chiefly borne by the lower classes of people, namely the small landholders and some classes of labourers. The hon. Member who spoke before me also commiserated the lot of the poor man. He forgot the real causes of the agriculturists' miseries when he elaborated the possible woes from Sales Tax. The real burdens are—land revenue in the case of small ryots and customs duties in the case of the urban labourers. We have to remove certain burdens and for the rest fresh burdens have to be imposed on those who now are lightly taxed. My second reason is that the classes that benefit by prohibition have a duty to contribute something to the State fisc Prohibition creates a steady demand for articles other than liquor. My friend, Mr. Gonsalves stated that much of the money formerly spent on toddy is now spent on tea. I have made enquiries upon this. Half the amount liberated by prohibition, i.e., 8 annas out of every rupee saved on account of prohibition goes to foodstuffs, 10 per cent goes to cloth, and the rest goes into ornaments, furniture, repayment of debt, etc. These are all really assets. As for tea it comes as a small part of the fifty per cent spent on food. A leading Newspaper in the city pointed out that there was a mistake in this computation. There is no fresh purchasing power; there is only a diversion, it says. This is more or less true. But the point to be noted is that a good part of the money formerly spent on drink is now going into trade and business. The liquor renter had part of the money formerly, but he did not spend it as the labourers now do. They put the money into a bank or purchased land. But this did not benefit trade directly. Not so when the money remained with the labourers. Such money has found its way largely to the tills of shop-keepers. Therefore these classes must bear fresh burdens. (Hear, Hear). My point here is that in the part of the Presidency where prohibition has been introduced, business has increased and therefore it is possible to tax the increased purchasing power by means of a Sales Tax.

"It was pointed out by my friend Mr. Narayanaswami Nayudu that the Government is on a wrong path financially, that the Government ought not to tap any new resources or raise any new tax unless until a deficit is disclosed. He wants apparently a deficit first and then taxation to make it up. I do not think that budgeting is so very routine a business as he thinks. Modern budgeting is not so rigid as Mr. Nayudu imagines. Countries like England, France or America are still making experiments in budgeting. There is all the more reason for us at this stage to chalk out new lines of budgeting. In Bombay, prohibition has been extended without finding the money. Here, the Government want to find the money first and then only extend prohibition. Ours is therefore in conformity with orthodox budgeting."

"The sales tax is still a subject of controversy even in the West. Economists and statesmen differ widely. When sales tax was first imposed in America, several leading persons were dead against it. They found that the sales tax followed a principle different from the taxes usually levied. Generally, it is understood that a tax must come from surplus. Tax must be based upon some net income, not like land revenue which is the negation of all such principles. A country which imposes a land revenue like ours cannot complain about a sales tax. In England and America, where they have been basing their taxation largely on net income and where people are prepared to pay direct taxes, one can understand some antipathy to sales taxes."

MR. PRESIDENT (addressing Mr. Narayanaswami Nayudu) :—"The hon. Member must not pass between the speaker and the Chair."

* DR. P. J. THOMAS :—"But in other countries we have got to raise revenue by other means more suitable to people's habits. Thus, in France a third of the revenues comes from sales tax; in Germany and Italy also, it is an important source. In America it is a growing source of State revenue. Most of the States there have now got sales taxes. Now I may ask, if sales tax will drive away trade, America must be the best example of that. It was pointed out that there is the possibility of the hides and skins trade migrating to Hyderabad. If that were so, what about the American States some of which are of the size of our districts and even taluks? The usual rate there is 2 per cent. Even then those States have not lost their business. How then could a large territory like Madras Presidency incur such a loss? 5 P.M.

"Then, coming to the question of the possible amount of revenue collections, it is extremely difficult to be categorical. The Hon. the Prime Minister and the Hon. the Revenue Minister have tried their hands at some computation. They have indicated that estimates are but guesses, but going through some of the data they have employed, I feel even more diffident than they. But the Hon. the Revenue Minister in the other House made certain calculations which are ingenious and came to the conclusion that the total amount would be a crore and a half. But, using the same data, one may come to a more optimistic estimate. He states that the total volume of internal trade is Rs. 80 crores. I do not know how he arrived at that figure. My own impression is that although we have not got sufficient data for calculating the total turnover, we may say that, in a country like India, internal trade must be at least 10 times the export trade. The export trade of the Madras Province was about 36 crores last year, and I do not think, therefore, that the internal trade can be anything less than Rs. 360 crores. Then, of course, there is the question of how many times this figure is to be multiplied, and what exemp-

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tions should be allowed for. It is likely that the estimate of the Hon. the Revenue Minister will be found rather cautious. *If large evasions do not take place, if the tax is levied properly,* I think we will be able to realize a larger amount than 1½ crores. A criticism has been raised against this. We must know definitely how much revenue will be produced, before agreeing to this new tax. But this is too much to ask, when prospecting an altogether new source like the sales tax. This is true not only about the sales taxes but other new taxes we are proceeding to levy. And the Hon. the Prime Minister has admitted that if we get a pie more than Rs. 1½ crores, he would allow us to pull him up and reduce the rate. I do not know how far it is possible; but anyway it is a very noble promise. He does not want any more than the actual requirements. I personally would like to have more. I believe that with increased resources in the Government we could make this country a much better place to live. We must make the condition of the poor much happier than it is to-day. It is only possible by having a larger revenue.

"I now come to a difficult subject. Can we say anything about the incidence of this tax? It is extremely difficult to say anything final about this. Yet I find that several Hon. Ministers have been making bold guesses. On one and the same day, I read one Minister saying that this tax would fall on the consumer, and another Minister saying that it would fall on the trader and that it would stick where it is laid. Probably both are right in one way or other; but it is rash to be categorical. The effect of sales cannot be the same in regard to all trades. In some cases, it is bound to be shifted to the consumers, but in a good many cases the trader will have to bear it. I should like to see more of it in the latter category. It would have been better if we had a few more particular taxes and then add to it a general rate of ½ per cent. If so, it would have been possible for us to say how much will be borne by the consumer. It would have been possible for us to make the consumer pay the particular taxes on articles like ornaments, clocks, motor accessories, perfumery or even aerated waters. These are some of the articles which ought to bear a larger burden. I do not see why articles like perfumery, aerated waters and so on should not be made to pay more than ½ per cent. It can even be 1 per cent or 2 per cent on these articles and the consequence will be that these taxes will be borne by people who are able to bear them. Already such taxes are common in other countries. In several countries sales taxes are particular taxes and we know on whom the tax will fall. They are consumers' taxes.

"In the Bill before us, we have a general sales tax with certain exemptions. I have some points to make against some of these exemptions. There are probably some reasons for reducing the rate on the bullion dealers, but certainly not to exempt them altogether from the tax. They are probably making a very small profit on the

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turnover, but they *are* making a specific, if small, profit. We know what their establishment charges are. They ply their business in a small way in the Mint street or thereabouts and their expenses are little. If they cannot bear a tax like ½ per cent, they can bear at least a one-sixty-fourth. To let them scotfree is too great a concession. This is also with regard to several other categories of persons. The exemption of hides and skins is also open to criticism. It is possible that these exempted cannot bear the full rate of half per cent; but can not they bear a quarter per cent or one-sixteenth (*Mahani*) or even a *Mundani*? There are so many very small fractions which we can fix. In that way we could have carved out our large revenues. The bullion dealers are making only a small profit, but they are making money and not losing it. It would have been just to get some revenue from them by means of the sales tax.

" A general sales tax must be such that it should fall on the trader. If the rate is small, the presumption is that it would fall largely on the trader. There are various factors which work in that direction. My whole purpose in supporting this measure is that the trader is to bear the burden. The traders have not been bearing a large burden in the past. Excepting those who pay income-tax, the traders in this country go nearly tax-free. In towns, of course, they have to pay certain small rates; but compared to what their confréres in other countries are bearing, the traders' burden in this country is very low. I should like to see them bearing this tax and that is I want a very low rate. I very much like the idea of small traders being exempted from the tax. It is possible that the small traders will obtain a larger share of business than hitherto and thus the prices of common articles may not rise appreciably. I hope the burden will remain where it is laid and not pass on to the consumers as some Ministers have said, because this tax is a tax on sales. If you want the consumers to bear some of these taxes, you may impose particular taxes on articles like motor accessories, perfumery, aerated waters and so on. Sir, the Taxation Enquiry Committee recommended some years ago that a tax on aerated waters should be levied. I do not know why it was not imposed. It is a very legitimate tax. The poor man does not want aerated waters. He drinks water or butter-milk. I am myself taking butter-milk for quenching my thirst on this hot day. It is better than aerated waters and with milk worth two annas we can make several glasses of butter-milk. The poor people do not drink soda. Well-to-do people are prepared to spend one anna or more on one glass of soda, and those that value it will pay the addition to price resulting from a tax on it. We must single out such articles and thus increase our revenues without burdening the poor.

" I do hope that even now the general sales tax will not burden the poor. Fears have been entertained widely—and Mr. Gonsalves and many others have expressed it here—that the sales tax

will raise prices and that the whole burden will fall on the poor. But let us remember that the rate that we are charging is very low and is much lower than similar taxes elsewhere. In France the rate is 2 per cent and in the American States 2 per cent is very common, thongh in some States it is high and in some others low. They are charging a higher rate on the retail point and a lower rate on the wholesale. There is also the licence fee levied in addition. In this manner they are getting revenue from several sources. I do not think many other countries are charging so low a rate. That is our justification and that is probably our safeguard that the tax will be borne largely by the traders and not be passed on to the consumers.

"I have already taken up a good part of the time of the House and I would content myself by mentioning this one point. I would like to point that it is not sufficient to impose an additional burden on business by a sales tax. We have a right to get a part of the required revenue from the wealthier classes. It is only possible to get this by imposing a death duty (or inheritance tax) and also by imposing the income-tax on agricultural incomes. There are indeed difficulties in imposing these taxes; at any rate a beginning must be made in the matter of death duties. I cannot see why this Government, along with other Provincial Governments, have been fighting shy of the proposal to impose death duties."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—"Why not levy an employment tax?

DR. P. J. THOMAS :—"That is for you to impose when you are sitting on the Treasury Benches. I do not think it is possible now. I do hope that whatever may have been the reasons which weighed with the Government in not agreeing to the Government of India's proposals, this Government by itself may be able to impose such a duty. Of course there are difficulties in imposing it. We do not tax the dead; we tax the living who are getting unearned wealth from the dying. A son need not be allowed to possess all the money that a wealthy parent had been amassing; a part of it can legitimately go to the State. That is why I support the inheritance tax.

.15 m. "While we are now trying to tax the traders and also the consumers some of whom are the poor people, we must also proceed to tax the wealthy classes in the country whereby it will be possible to make our burdens more just and equitable. If I support the sales tax, it is because I am keen on readjusting the tax burdens of the country and not merely because the loss of liquor excise has necessitated it. The liquor revenue is unjust and the sales tax would go a great way in reducing the inequalities involved in that excise. But it will go only a certain way, and we must go further and also levy other taxes which will definitely burden the richer classes in the country. With these remarks I support the general scheme of the Bill. Although it has got certain blemishes, I do

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not think it is possible for us to discover and rectify those blemishes at one stroke. We must proceed on the basis of trial and error. We will soon discover the mistakes of the measures and we can then rectify them. On these grounds, Sir, I give my support to this Bill and I hope it will be passed by this House."

* SRI M. D. KUMARASWAMI MUDALIYAR :—" Mr. President, during and after the War fiscal exigencies led to the levy of Sales Tax in the West. It was effective beyond all expectations. Appetite grows with the eating. The temporary Sales Tax became a permanent feature of the fiscal system. Countries after countries adopted it with avidity irrespective of consequences. The only wise exception was Great Britain. The wide adoption of the tax is construed as an indication of its popularity. The truth is far from it. Sir, needy Governments know no canons of taxation. They follow the Montesquiean principle of plucking the goose with the least amount of squawking. The consumers are an unorganized lot. The goose has no organ to squawk.

" 'Even if she milks a koorni (8 measures) a cow that eats away the thatch will not do.' This is the literal rendering of an old homely saying in Tamil. The merit of the Sales Tax is its productivity. The defect is, it eats the ground under the man who pays.

" All consumption taxes ultimately fall on the consumers. There is little doubt about that. The Sales Tax is no exception. Doctors of Economics for once cannot disagree. General taxes on wholesale sales are paid almost entirely by consumers and general taxes on retail sales are paid by consumers practically without exception. This is also the experience of countries that have adopted it, Sir.

" This is not all. A consumption tax is notoriously regressive in incidence. Poor consumers pay a larger share of their incomes than do the rich. The burden is not proportionate to ability as in a progressive tax, nor even is the rate the same whether the income is high or low as in a proportionate tax, a thing bad enough. Here it is much worse. The rate decreases with ability. The Sales Taxes are levied solely on goods and not on savings or services. The incomes of the rich are chiefly from the latter and they go scot-free.

" Sales taxes are particularly harmful in a country where the element of progression is singularly deficient. Yet they are deemed to suit the peculiar situation facing us here to-day.

" Sir, liquor excises are a highly regressive source; they have to be replaced by a levy less regressive in character, ergo the Sales Tax. So runs the argument. Liquor excises, Sir, have at least one merit. They are intended to dissuade injurious consumption. The Sales Taxes have not even that theoretical merit. The logical course for those crusaders who are out to wipe away an atrociously regressive liquor excise would be to introduce some new progressive tax. Our tax system as a whole claims too much

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from the poor consumer. The weight of a policy of two decades of discriminating protection, has unduly burdened him. The excises on a variety of articles of necessity have aggravated the situation. Sir, the burden of salt tax is often ignored on the ground that an old tax is no tax. On the top of all there is a land revenue pressing with its primitive regression. The Sales Taxes, Sir, will be the last straw. There is little doubt that under such regressive tax system the poor are paying out of all proportion to their means. This is the peculiar situation facing us here to-day, Sir.

"Reactionary measures like the Sales Taxes, convenient and handy as they are to-day, cannot be the remedy. The element of progression already achieved in the income-tax and recently perfected by Sir James Grigg under the slab system must be extended to other forms of taxation. This may not appeal to the academic-cum-politicians who are haranguing the country side on an old-world campaign of converting all direct taxes into indirect taxes. Taxes like succession duties and agricultural income-taxes that immaculately fit in with the canons of taxation can be thought of as alternatives.

"Sir, I am at a loss to understand how a marriage tax escaped the notice of the Hon'ble Ministers, the rate being proportionate to the expenses of the marriage and the amount of dowry; certainly it would be less odious and much more salutary than a poll-tax with which we were recently threatened by a benevolent Parliamentary Secretary

"The attitude of the Government to the views of Opposition is not decided by what constitutes the case of the Opposition, but by who constitute it. This is not the first time that such a thing takes place under this Government, Sir. The Opposition of businessmen are held up as an evidence of the fact that the tax falls on them only. Business, big and small, knows too well that ultimately the taxes would be shifted on to the customers and seldom stick. In the long run, business, like liquid finds its level. But in the long run, we are all dead. The immediate repercussions are not less important. Flight of business integration, unemployment, dislocation, all these are possible consequences in the short period.

"These, however, are days when great ones look to small mercies. The heterogeneous consumer community would not call the tune although it pays the piper. Concessions and exemptions have to be sued for. Even here the poignant edges of regression can be rounded off to however small an extent by proper modifications. Articles of food must necessarily be excluded. Turnover of service must be included as in Germany and France. Differential rates for luxuries must be devised.

"In rural parts, Sir, more than 75 per cent of the labourer's income is spent on food, and food alone. Industrial labour may perhaps lull itself in security reposing faith in the hope that all

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they require is to stage a reasonable fight against the employers and they would get the rise in wages. But what about the vast mass of padayals and panayals that form the bulk of the rural labour tenantry?

'The Sales Tax is like the camel in the fable which beginning with a prayer for shelter for the face ended in thrusting the whole of its uncouth anatomy into the tent and finally ejected the Arab himself. Give the tax an inch, it will take a yard. The half per cent rate may turn out a deceptive beginning. No one knows where the demands of a prodigal Government at a future date may lead to. Will it end in driving away the Arab out of his own tent or gnaw away the thatch under which it is sheltered?

" Sir, I appeal to the Government not to introduce this Trojan horse. I know my cry and of others on this side will be a cry in the wilderness. Public opinion has been thoroughly ignored in this matter. No doubt the people put them in power by plumping their votes in the yellow boxes but they would have least dreamed that the Congress Government would bring in such oppressive taxation measures.

" One word more, Sir, before concluding and that is about the machinery that may be set up for assessment and collection of the tax. There is an apprehension in the minds of the public that this might be taken as an opportunity by the Government for extending their patronage to their own partisans who might in their turn harass non-Congressmen. (' An hon. Member: Question. ') I earnestly hope. Sir, that the Government will give no room for such a fear but would have the recruitment made by the Public Services Commission and the usual communal rotation will be prescribed for such recruitment along with other necessary academic qualifications and administrative experience.

" Sir, let the Government remember that they are introducing not one tax but five taxes—the electricity tax, the petrol tax, the entertainments tax, the tobacco tax and the sales tax. I do not know if they have any more taxes in view. For this trick of shooting five arrows the great Manmatha had to pay dearly. The wrath of consumer God when roused would deal ruthless destruction. I do not know how many Rathis will have to weep and wail then. Well, Sir, the Government might make frantic attempts to quench the fire by means of land revenue concessions, remissions, etc., just on the eve of the next election. But I doubt if that would put out the Vadavamubagni of the public consciousness and public awakening.

" I oppose the Bill, Sir."

DR. SIR K. V. REDDI NAYUDU :—" May I know how long we are going to sit to-day? "

MR. PRESIDENT :—" The House will now adjourn and reassemble at 11 a.m. to-morrow."

The House then adjourned.

APPENDIX

L.A. BILL No. 11 OF 1939.

(As passed by the Assembly.)

A Bill to provide for the levy of a general tax on the sale of goods in the Province of Madras.

WHEREAS it is expedient to provide for the levy of a general tax on the sale of goods in the Province of Madras; It is hereby enacted as follows:—

Short title, extent and commencement.

1. (1) This Act may be called the Madras General Sales Tax Act, 1939.

(2) It extends to the whole of the Province of Madras.

(3) This section shall come into force at once, and the rest of this Act shall come into force on such date as the Provincial Government may, by notification in the *Fort St. George Gazette*, appoint.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context—

(a) "assessing authority" means any person authorized by the Provincial Government to make any assessment under this Act;

(b) "dealer" means any person who carries on the business of buying or selling goods;

Explanation (1).—A co-operative society, a club, a firm, or any association which sells goods to its members is a dealer within the meaning of this clause.

Explanation (2).—The agent of a person resident outside the Province who carries on the business of buying or selling goods in the Province shall be deemed to be the dealer in respect of such business for the purposes of this Act.

(c) "goods" means all kinds of movable property other than actionable claims, stocks and shares and securities and includes all materials, commodities, and articles;

(d) "licence" means a licence granted or renewed under this Act;

(e) "notification" means a notification published in the *Fort St. George Gazette*;

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(*f*) "prescribed" means prescribed by rules made under this Act;

(*g*) "Province" means the Province of Madras;

(*h*) "sale" with all its grammatical variations and cognate expressions means every transfer of the property in goods by one person to another in the course of trade or business for cash or for deferred payment or other valuable consideration, but does not include a mortgage, hypothecation, charge or pledge;

Explanation.—A transfer of goods on the hire-purchase or other instalment system of payment shall, notwithstanding the fact that the seller retains the title in the goods as security for payment of the price, be deemed to be a sale.

(*i*) "turnover" means the aggregate amount for which goods are either bought by or sold by a dealer, whether for cash or for deferred payment or other valuable consideration provided that the proceeds of the sale by a person of agricultural or horticultural produce grown by himself or grown on any land in which he has an interest whether as owner, usufructuary mortgagee, tenant or otherwise, shall be excluded from his turnover;

Explanation.—Subject to such conditions and restrictions, if any, as may be prescribed in this behalf—

(i) the amount for which goods are sold shall include any sums charged for anything done by the dealer in respect of the goods sold at the time of or before the delivery thereof;

(ii) any cash or other discount on the price allowed in respect of any sale and any amount refunded in respect of articles returned by customers shall not be included in the turnover; and

(iii) where for accommodating a particular customer, a dealer obtains goods from

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another dealer and immediately disposes of the same to the said customer, the sale in respect of such goods shall be included in the turnover of the latter dealer but not in that of the former; and

(j) "year" means the financial year.

Liability to tax under the Act.

3. (1) Subject to the provisions of this Act, every dealer shall pay in each year a tax in accordance with the scale specified below :—

(a) If his turnover does not exceed twenty thousand rupees.	Five rupees per month.
(b) If his turnover exceeds twenty thousand rupees.	One-half of one per cent of such turnover.

Provided that any dealer whose turnover in any year is less than ten thousand rupees shall not be liable to pay the tax under this sub-section for that year :

Provided further (1) that in respect of the same transaction of sale, the buyer and the seller shall not both be taxed, but only one of them, as shall be determined by the rules made in this behalf under sub-section (2), shall be taxed thereon, and (2) that, when the amount for which any goods were bought by a dealer has been included in his turnover, the amount for which the same goods were sold by him shall not be included in his turnover, for the purposes of this Act.

(2) The turnover for all the purposes of this Act shall be determined in accordance with, and the tax shall be assessed, levied and collected in such manner and in such instalment as may be prescribed by, the rules made by the Provincial Government in this behalf :

Provided that no rule for the determination of the turnover shall come into force unless approved by a resolution of the Legislative Assembly.

(3) Subject to any rules made under sub-section (2), the assessing authority may fix the turnover of any dealer in any year at the amount of his turnover in the previous year.

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Application of the Act.

4. The provisions of section 3 of this Act shall not apply to the sale of electrical energy, motor spirit as defined in the Madras Sales of Motor Spirit Taxation Act, 1939, manufactured tobacco as defined in the Madras Tobacco (Taxation of Sales and Licensing) Act, 1939, and any goods on which duty is or may be levied under the Madras Abkari Act, 1886, or the Opium Act, 1878.

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Exemptions from taxation.

5. Subject to such restrictions and conditions as may be prescribed, including conditions as to licences and licence fees, the sale of bullion and specie, of cotton, of cotton yarn, and of any cloth woven on hand-looms and sold by persons dealing exclusively in such cloth shall be exempt from taxation under section 3.

Sale of hides and skins.

6. Subject to such restrictions and conditions as may be prescribed, including conditions as to licences and licence fees, the sale of hides and skins whether tanned or untanned, shall be taxed under section 3 only at such single point in the series of sales by successive dealers, as may be prescribed.

Sales of certain goods for delivery outside the Province.

7. In respect of such finished articles of industrial manufacture as may be notified by the Provincial Government and subject to such restrictions and conditions as may be prescribed, a rebate shall be allowed of one-half of the tax levied on sales of such articles for delivery outside the Province if such articles are actually so delivered.

Licensing and exemption of agents.

8. The Provincial Government may, on application and on payment of such fee as may be prescribed in that behalf, license any person under this section who for an agreed commission or brokerage buys or sells on behalf of known principals specified in his accounts in respect of each transaction and may exempt from the tax under section 3 such of his transactions as are carried out in accordance with the terms and conditions of his licence :

Provided always that, save where the transaction consists of a sale by a grower of produce grown by him or on his land, no such exemption shall be given unless the amounts for which the goods concerned in such transactions are sold, are included in the turnover of the principals or of the dealers from whom purchases were made, or would have been so included but for an exemption provided under this Act.

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Procedure to be followed by assessing authority.

9. (1) Every dealer whose turnover is ten thousand rupees or more in a year shall submit such return or returns of his turnover, in such manner, and within such periods as may be specified in the rules made under sub-section (2) of section 3.

(2) (*a*) If the assessing authority is satisfied that any return submitted under sub-section (1) is correct and complete, he shall assess the dealer on the basis thereof.

(*b*) If no return is submitted by the dealer under sub-section (1) before the date prescribed or specified in that behalf or if the return submitted by him appears to the assessing authority to be incorrect or incomplete, the assessing authority shall proceed to determine the turnover in accordance with the rules made under sub-section (2) of section 3 :

Provided that before taking action under this clause, the dealer shall be given a reasonable opportunity of proving the correctness and completeness of any return submitted by him.

Payment and recovery of tax.

10. The tax assessed under this Act shall be paid in such manner and in such instalments, if any, and within such time, as may be specified in the notice of assessment, not being less than fifteen days from the date of service of the notice. In default of such payment, the whole of the amount then remaining due may be recovered as if it were an arrear of land revenue.

Appeals.

11. (1) Any assessee objecting to an assessment made on him may, within thirty days from the date on which he was served with notice of the assessment, appeal to such authority as may be prescribed :

Provided that no appeal shall be entertained under this sub-section unless it is accompanied by satisfactory proof of the payment of the tax admitted by the appellant to be due or of such instalments thereof as might have become payable, as the case may be.

(2) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(3) The appellate authority may, after giving the appellant an opportunity of being heard, pass such orders on the appeal as such authority may think fit.

(4) Every order passed in appeal under this section, shall, subject to the powers of revision conferred by section 12, be final.

12. The Board of Revenue may in its discretion at any time either *suo motu* or on application, call for and examine the record of any order passed by, or any proceedings recorded by, any officer or person under this Act for the purpose of satisfying itself as to the legality or propriety of such order, or as to the regularity of such proceedings, and may pass such order in reference thereto as it thinks fit. **Revision.**

Nothing contained in this section shall apply to the orders or proceedings of any Court or Magistrate.

13. Every dealer and every person licensed under section 8 shall keep and maintain a true and correct account showing the value of the goods sold and bought by him; and in case the accounts maintained in the ordinary course, do not show the same in an intelligible form, he shall maintain a true and correct account in such form as may be prescribed in this behalf: **Accounts to be maintained by dealers.**

Provided that this section shall not apply to petty dealers whose business is such as is not likely to make them liable to taxation under this Act.

14. (1) Any officer empowered by the Provincial Government in this behalf, may, for the purposes of this Act, require any dealer carrying on business in any kind of goods to produce before him the accounts and other documents, and to furnish any other information relating to such business. **Powers to order production of accounts and powers of entry and inspection.**

(2) All accounts and registers maintained by dealers in the ordinary course of their business, the goods in their possession and their offices, shops, godowns, vessels or vehicles shall be open to inspection at all reasonable times by such officers as may be authorized in this behalf.

(3) Any such officer shall have power to enter, for the purpose referred to in sub-section (2), any office, shop, godown, vessel, vehicle or any other place in which business is done.

15. Any person who— **Offences and penalties.**

(*a*) wilfully submits an untrue return or fails to submit a return as required by the provisions of this Act or the rules made thereunder, or

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(*b*) fails to pay the tax due from him within the time allowed, or

(*c*) prevents or obstructs inspection or entry by any officer authorized under section 14, in contravention of the terms thereof, or

(*d*) fraudulently evades the payment of any tax due under this Act, or

(*e*) wilfully acts in contravention of any of the provisions of this Act,

shall, on conviction by a Presidency Magistrate or a Magistrate of the first class, be liable to a fine which may extend to one thousand rupees, and where the breach is a continuing breach, to a further fine which may extend to fifty rupees for every day after the first during which the breach continues.

Composition of offences.

16. The prescribed authority may accept from any person who has committed or is reasonably suspected of having committed an offence against this Act, by way of composition of such offence—

(*a*) where the offence consists of the failure to pay, or the evasion of, any tax recoverable under this Act, in addition to the tax so recoverable, a sum of money not exceeding one thousand rupees or double the amount of the tax recoverable, whichever is greater, and

(*b*) in other cases, a sum of money not exceeding one thousand rupees.

Bar of certain proceedings.

17. (1) No suit, prosecution or other proceeding shall lie against any officer or servant of the Provincial Government, for any act done or purporting to be done under this Act, without the previous sanction of the Provincial Government.

(2) No officer or servant of the Provincial Government shall be liable in respect of any such act in any civil or criminal proceeding, if the act was done in good faith in the course of the execution of duties or the discharge of functions imposed by or under this Act.

Limitation for certain suits and prosecutions.

18. No suit shall be instituted against the Crown and no suit, prosecution or other proceeding shall be instituted against any officer or servant of the Provincial Government in respect of any act done or purporting to be done under this Act, unless the suit, prosecution or other proceeding is instituted within six months from the date of the act complained of.

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19. (1) The Provincial Government may make rules to carry out the purposes of this Act. Power to make rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) all matters expressly required or allowed by this Act to be prescribed ;

(*b*) the licensing of persons engaged in the sale of goods and the imposing of conditions in respect of the same for the purpose of enforcing the provisions of this Act and fees for licences ;

(*c*) the assessment to tax under this Act of businesses which are discontinued or the ownership of which has changed ;

(*d*) the assessment to tax under this Act of businesses owned by minors and other incapacitated persons or by persons residing outside the Province of Madras ;

(*e*) the assessment of a business owned by any person whose estate or any portion of whose estate is under the control of the Court of Wards, the Administrator-General, the Official Trustee, or any receiver or manager appointed by or under any order of a Court ;

(*f*) the assessment to tax under this Act of any turnover which has escaped assessment, and the period within which such assessment may be made, not exceeding three years ;

(*g*) the rectification of mistakes apparent from the record of any assessment, appeal or revision and the period within which such rectification may be made ;

(*h*) compelling the submission of returns and the production of documents and enforcing the attendance of persons and examining them on oath or affirmation ;

(*i*) securing that returns furnished or accounts or documents produced or evidence of any

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kind given under this Act before any assessing authority or on appeal or revision from any decision of such authority are kept confidential;

(*j*) the duties and powers of officers appointed for the purpose of enforcing the provisions of this Act;

(*k*) generally regulating the procedure to be followed and the forms to be adopted in proceedings under this Act; and

(*l*) any other matter for which there is no provision or no sufficient provision in this Act and for which provision is, in the opinion of the Provincial Government, necessary for giving effect to the purposes of this Act.

(3) In making a rule under sub-section (1) or sub-section (2), the Provincial Government may provide that a person guilty of a breach thereof shall, on conviction by a Presidency Magistrate or a Magistrate of the first class, be punishable with fine which may extend to one thousand rupees and, where the breach is a continuing one, with further fine which may extend to fifty rupees for every day after the first during which the breach continues.

(4) The power to make rules conferred by this section shall be subject to the condition of the rules being made after previous publication for a period of not less than four weeks.

(5) All rules made under this section shall be published in the *Fort St. George Gazette*, and upon such publication shall have effect as if enacted in this Act

Transitional provision for levy of tax.

20. If, when this Act comes into force, the tax is leviable for the second half of any year, it shall be levied in accordance with the scale specified in section 3 and on the basis of the turnover as determined in accordance with the rules made under this Act.

Power to remove difficulties.

21. If any difficulty arises in giving effect to the provisions of this Act, the Provincial Government may, as occasion may require, by order, do anything which appears to them necessary for the purpose of removing the difficulty.

THE MADRAS LEGISLATIVE COUNCIL.

Thursday, 18th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

* 291 *Q.*—(Sri M. D. Kumaraswami Mudaliyar who had given notice of the question was absent). SRI RAO BAHADUR M. RAMAN: —" May I put the question, Sir? "

MR. PRESIDENT :—" Has the hon. Member the written permission from Mr. Kumaraswami Mudaliyar? "

SRI RAO BAHADUR M. RAMAN :—" No, Sir."

MR. PRESIDENT :—" The hon. Member may put the question."

Medical report on the health of Sri E. V. Ramaswami Naicker.

Q.—Sri RAO BAHADUR M. RAMAN MENON on behalf of Sri M. D. Kumaraswami Mudaliyar: Will the Hon. the Prime Minister be pleased to place on the table the report of Dr. M. R. Guruswami Mudaliyar about the health of Periyar Ramaswami Naicker? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" According to the prevailing practice, detailed medical reports on individuals cannot be published. The prisoner's health is satisfactory, apart from age and chronic ailments which cannot be helped."

Particulars about the action taken by the Superintendent, Central Jail, Trichinopoly, regarding release of certain persons involved in Kadayanallur rioting case.

* 292 *Q.*—S. K. AHMED MEERAN SAHIB BAHADUR: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether the High Court ordered on the 20th April 1939 (in Cr.R.C. No. 859 of 1938) releasing all the 27 accused involved in the Kadayanallur rioting case;

(*b*) whether the Superintendent of the Central Jail, Trichinopoly, released only 18 persons on the 21st April 1939;

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(c) whether the Superintendent of the Central Jail, Trichinopoly, released eight more persons only on the 26th April 1939 at about 5 p.m.;

(d) whether the Superintendent of the Central Jail received a telegram regarding the eight persons on the 26th April 1939 from their vakil and whether he released them on the 26th April 1939 only after the receipt of the said telegram;

(e) why the Superintendent of the Central Jail, Trichinopoly, delayed releasing the above-mentioned eight persons till 5 p.m. on the 26th April 1939;

(f) whether one of the above 27 accused involved in the rioting case was detained in the Borstal School, Palamcottah;

(g) whether he was released only on the 26th April 1939; and

(h) why he was not released earlier?

THE HON. DR. P. SUBBARAYAN:—" (a) to (h) The Government have no information but have called for it."

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—THE MADRAS GENERAL SALES TAX BILL, 1939 (L.A. BILL No. 11 OF 1939) AS PASSED BY THE ASSEMBLY—*cont.*

DR. SIR K. V. REDDI NAYUDU:—" Mr. President, generally sales taxes in Europe and America were levied for the first time mostly at any rate after the Great War and after the depression. Text-book writers tell us that it was the emergency caused by the depression and the War that compelled those countries to levy these taxes. So far as we are concerned, we did not have any emergency arising out of the War. No doubt we had to take part to some extent in the Great War. Depression too there was, but not to the extent to which the European and American countries were subjected. Therefore, Sir, we have to seek for another kind of emergency in this case and that is prohibition.

" Sir, the main objections on which we contend from this side, are two. One is that the Sales Tax Bill will affect trade and secondly, it will affect the poor people of the Province. The Hon. Premier met these two points by saying that trade will not be affected in the first instance and that, though the poor may have to pay this tax—it is admitted that the consumer will have to pay this tax or a share of the burden of this tax—it is not a heavy burden. On the first point I beg to submit that the Hon. Premier was not pleased to tell us how he considers that this tax will not affect trade. I expected that some reasons will be given how he considers that trade will not be affected. In this country we have been seeing during the last few months ever since the Bill was published, such a huge agitation as we have not known for a generation in this country. . . ."

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SRI K. MADHAVA MENON :—" Question."

DR. SIR K. V. REDDI NAYUDU :—" The hon. Member is entitled to question. If the hon. Member is referring to the Rowlatt Act agitation or to that relating to the partition of Bengal, my humble suggestion is that I count this as a greater agitation than that in those two cases. No village escaped from meeting and sending its protest; not a single day passed ever since the Bill was published, without a protest being sent to the Government; not a single day passed without newspapers filling their columns after columns with protests and views of public meetings from every corner of the Presidency. Was there any agitation like this, before? How are we to account for this exceptional and rare phenomenon, if I may so call it, of a group in the Legislative Assembly here—I mean the European group—refusing to move the amendments standing in the names of the Members of its group? Why did they do so, if the tax does not affect their trade? I believe they have nothing else to do with but trade. How again did it happen that the various groups in the Assembly, the Justice Party, the Muslim group, the small party of the National Democrats and the Independents—four groups—walked out of the House, unless they seriously felt, honestly felt, rightly or wrongly that this tax does injure the people of this land, that this Bill does injure the trade of this country?

" Mr. President, as regards the second point, it is not seriously denied that this Bill does not affect the poor. It is admitted, I take it, on the other side that every consumer will have to pay a portion of this tax. Let us take the cost of rice. Take the city of Madras. There is not a single person in the Madras city—man, woman or child—that does not eat rice. How many hands does rice pass through before it reaches Madras and the retail seller in Madras? The producer in the Godavari, Kistna and Nellore districts sells paddy to the mill-owner. The mill-owner mills paddy and sells it to the merchant at Bezwada or Nellore. The wholesale merchant in Madras buys from the merchant at Bezwada or Nellore. He sells it to small wholesalers; finally it comes to the retailer. No doubt the retailer does not pay any tax; we are told that the retail trader is not taxed at all. True. But what about the other four persons through whom rice passes hands? Has not the retail trader to pay for the taxes paid by the persons from whom he gets the article? Do not the wholesale merchants and the intermediary merchants pile up the amounts of the tax they pay and add them to the cost of the article when they sell it? What is the income of the small poor retail traders? You know, Sir, Mr. President, how many thousands of people there are in Madras who earn only six annas a day. Even among the middle classes, the lower middle classes, how many men are not there who live on Rs. 15, Rs. 20 or Rs. 30 a month? Will not this tax

affect them? I have seen people taking one anna, going to the shop and purchasing rice for the day. The retail shopkeeper will not only include the amount of taxes that has been paid by the merchants from whom he got rice but will add more to the cost of the article. He will not be able to calculate half a per cent and *one per cent*. There is no coin to represent that. He will add half an anna or one anna more to the cost of the article. The increase will work out to 25 per cent or 50 per cent. That will be the state of trade. We know how many hundreds and thousands of people in this Province are living on a single meal a day; even that meal consists of rice kanji and water. Even the salt that is put in the rice kanji is taxed; it is not exempted from tax. For years Congressmen have been fighting against the increase of the duty on salt, by half a rupee a maund, by the Government of India. How can it be said that this sales tax does not affect poor people? Does it not reduce the standard of their living, make it lower and lower? Already it is very low indeed. My submission is, Mr. President, there is absolutely no doubt that this tax is a
·15 .m. very pernicious one, so far at least as the poor are concerned. I shall confine myself to the remarks made by the Hon. the Premier in this House. He has asked us not to repeat what has happened in the other House. The country and the members of this House know fully what is happening and what is being said for and against it and it is therefore unnecessary to refer to it. I agree. I shall, therefore, confine myself solely to the observations made by the Hon. the Premier in this House.

" 'Use your time dealing with this subject in a supplemental fashion,' said the Hon. the Premier—I bow to his decision—'on *the assumption that the Legislature and the Government* were committed to a policy of prohibition.' I submit there is a very little snag there for me at any rate. I was not one of those who agreed to this prohibition law. Those that voted for it may perhaps feel compelled to vote for this tax because, having agreed to the *depletion of the treasury to the tune of four crores* of rupees, something must be found to make it good. But even for them I fail to see why and how they could agree to any and every form of taxation that might be imposed. The fact that money has got to be found may be admitted. But does it mean that money should be found in any manner and under any circumstances? Does it mean that they should vote for any taxation proposal that may be brought in? Suppose for instance,—I say it with apologies to Mrs. Hensman—they say that every woman who wears jewels over and above a certain amount, let us say Rs. 500, should give half of be excess, are we bound to accept that? My submission is that even though they might have agreed to that law, they are bound to agree only to such taxation as they may consider to be fair and reasonable and not detrimental to the prosperity of the country.

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"The Hon. the Premier referred to the quantum of taxation and that has been replied to by my hon. Friend, Mr. Narayanaswami Nayudu. The Hon. the Premier said that we should not be content with providing only for the exact difference to be met; they should provide on the other hand for the deficit of the entire excise revenue of four crores of rupees. My respectful submission is that it is all contrary to all canons of public finance. It has been pointed out that there is a deficit of 17 lakhs of rupees. But after the passing of the two Bills, the Electricity Tax Bill and the Petrol Tax Bill, we would have got more than that amount. Where then is the necessity for insisting upon the quantum of this half per cent at this stage? Could we not wait till next April? Could not they start with one-eighth or one-fourth per cent for the present and raise it when the need actually arises? I believe that it was on a previous occasion, I think in the Budget discussion, that I dealt with how that great financier Mr. Lloyd George found money for the Great War. It is true that he said that the tax ought to be elastic. This tax is undoubtedly so. It will grow from year to year with the improvement in trade. You can even raise this tax from year to year as your demand increases. But to-day in this year, in this half year at any rate, from October next to March next, there seems to be no justification for it and there is no justification for so high a rate.

"The Hon. the Premier next said that it was difficult for the Government to make a correct estimate of the revenue—I would like hon. Members to mark the word 'correct' because it draws a distinction between 'correct' and 'approximate' revenue. It would be difficult to say what would be the approximate estimate of the expenditure to be incurred in the collection of the revenue. An entirely new organization is required and it is an adventure in taxation, an adventure forsooth. My respectful submission is that this is not a correct approach towards the proposed taxation. People cannot be taxed on mere adventure. Evidently no attempt has so far been made as regards the estimate of the cost of administering this Act. Difficulties of administration and the cost thereof should have been estimated, however roughly, before they proposed to levy this tax, for it may be that more tax is collected than is absolutely necessary. Sir, it is rather a bit of surprise that the Hon. the Premier told us that even a rough estimate of the cost of administering this Act and the cost of collecting this revenue has not yet been made. My submission is that the Government have no business to come before the House or for that matter before the other House either and ask for the sanction of the legislature for it when they themselves do not know what the cost of collection and administration will be. Roughly of course, they have some idea and they said that it may be a crore or one crore and a half. But what is to happen if the income is less and

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the cost of collection is more? People will have to pay this tax; and for what? For spending it on the administration they have to pay this tax. In this case probably they are sure in their minds of what they would be getting but they could have told us what the cost of it would be. I think that the Hon. the Premier was perfectly right, if I may say so with great respect, that this is an adventure.

"Look at the other side; look at the other picture that is being shown in another place. What have the Government of Bombay done? They too passed their sales tax or are about to pass it. They were not evidently adventurers there. They confined themselves this year to licensing the various dealers. By doing so, they are able to estimate approximately, if not exactly, what will be the income from the tax and what the total volume and value of trade are and the number of people that may be affected. I wonder what prevents this Government from following such a course as that. Is it not wiser, is it not safer? Will not you be in a better position if you know how many traders there are in the country, what they are dealing in, how much their transactions run to and other details, to proceed further with certainty. If we have such information, it would be easier to conclude which articles have to be exempted and which not. When we know that certain classes of trade will be affected seriously, almost to the detriment of that trade and to the ruin of that trade, will it not be safer to follow some such course. But this Government say, 'We will be adventures and we shall be adventurers and we are not to learn a lesson from others.' They will not learn a lesson from the sensible example of a neighbouring Congress Province. They will have their own way and that is the view of the Government.

"Then the Hon. the Premier referred to the effect of the Act and of the burden on the people. He told us that the levy would be such as not to affect any business. That point, I have already dwelt upon.

"Then, Mr. President, we were treated to a new interpretation on very ancient taxes, the land tax and the excise revenue. For the first time since our studies at the schools and the colleges as students and as students of politics in the Legislative Assemblies, we are told that the land tax is an excise tax. Sir, during all that controversy that was going on between Romesh Chandra Dutt and Lord Curzon, in all the literature that flooded the Press and the platform and in the Legislative bodies, the one question was whether this land revenue was a tax or rent. But now we are told that it is neither flesh or fish but red herring; it is neither a tax nor rent but it is excise."

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SRI A. RANGASWAMI AYYANGAR:—" The literal meaning of excise is to cut off. It has literally acquired a meaning which is applicable to drink revenue. It is illustrated in the Federal Court Judgment."

DR. SIR K. V. REDDI NAYUDU:—" Permit me to say, Mr. President, that this is not an interruption.

" Excise revenue has had its *upanayanam*, the thread ceremony and it is re-born as a sales tax. We are thus treated to what I may be permitted to call an apocrypal exposition, an interpretation the purpose of which evidently is to revise our elementary notions of taxation. We beg leave to reply, Sir, that we are unable to accept that view.

" The Hon. the Premier next proceeded to say that since there was no restriction in respect of drink in other countries, the tax levied there was a just tax. Sir, this has taken away my breath. I was wondering whether it is a mere statement or a confession of confusion . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" It is not a confession of confusion; it is a confusion of confession."

DR. SIR K. V. REDDI NAYUDU:—" There is confusion enough in it, Sir. Has the Hon. the Premier given the go by to the protestations against drink on the ground of morals? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" No, Sir."

DR. SIR K. V. REDDI NAYUDU:—" On grounds of ethics? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" No, Sir."

DR. SIR K. V. REDDI NAYUDU:—" On economic grounds? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" No, Sir."

DR. SIR K. V. REDDI NAYUDU:—" On grounds of health? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" No, Sir."

DR. SIR K. V. REDDI NAYUDU:—" How then, Sir, is it that you come to this wonderful theory? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" You must think over it."

DR. SIR K. V. REDDI NAYUDU:—" How has he come to this wonderful theory that if all people drink, it is a good tax and it is a just tax."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The hon. Member should remember that there is a difference between a good and a just tax. A tax may be bad but it can at least be just, that is to say, proportionately distributed among all classes of people. Though it may be proportionately distributed among all classes of people, still it may be a very bad tax."

-30 .m. DR. SIR K. V. REDDI NAYUDU:—" I regret I do not see the distinction. It seems to me it is a distinction without a difference."

S. K. AHMED MEERAN SAHIB BAHADUR:—" Is the sales tax an example of the latter? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" If it is proved to be bad. But the drink tax is an example of the former."

DR. SIR K. V. REDDI NAYUDU:—" Whatever it is, the Hon. Premier has always called the drink tax a vicious tax. If only a sufficiently large number drink the tax becomes a just tax."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Unjust tax."

DR. SIR K. V. REDDI NAYUDU:—" Contrary to his usual serenity the Hon. Premier grew vehement, though he says others were vehement. But perhaps he grew vehement because of the viciousness of the drink tax. He gave us figures, and he exaggerated when he told us that the price of toddy to people has grown 800 times, if not 1,000 times." (Laughter.)

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The hon. Member is guilty of that offence now. (Laughter.) I did not say 800 times or 1,000 times; I said it is 800 per cent or 1,000 per cent; it is equal to eight times or ten times. The exaggeration is exactly hundred-fold." (Laughter.)

DR. SIR K. V. REDDI NAYUDU:—" Whatever it is, for instance, the cost of country spirits is fourteen annas per gallon and the duty is five rupees, and how it becomes eight times I do not know; or again the cost of toddy is two and a half annas, and even there, it does not become eight times. But, evidently Sir, the whole truth appears to be to my mind that the Hon. the Prime Minister is now thinking of another theory which economists call 'equal distribution of the burden of taxation.' That is the only way in which we can reconcile the observation that if almost everybody drinks it becomes a just tax.

" Sir, there are only two other observations for me to make. The Hon. Premier told us that $3\frac{1}{2}$ crores of money are being paid by these poor people, of which $1\frac{1}{4}$ crores are from country spirits. My experience, Mr. President, is that the poor people, the farm labourers, the wage-earners, who earn six annas in the City of Madras and much less in other places—I have never known these people drink country spirits—drink only toddy, which comes to $2\frac{1}{4}$ crores. The Hon. Premier will have to remember that toddy-drinking is not confined to these people alone. I have stated it before in this House and I repeat it again. I have known hundreds

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of cases, if not thousands, where people who pass for respectable persons, the upper middle classes and the lower middle classes, both drink toddy. They have trees in their land, they set apart a tree for their own toddy and leave another tree for the toddy of their labourers; and not only the labourers, their own women and children also drink toddy out of that tree. The Hon. Premier may think it is a vicious thing; but I beg to submit I hold a different view on that point. It is food for them, and if they should pay—or for that matter their masters pay—it is I submit not just.

"Another thing which runs through the whole speech of the Hon. Premier is this: He seems to think—though he may not actually think, his speeches have impressed me, that he seems to think—that all the poor drink, or nearly all the poor."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"No. All those who drink are nearly all poor. I did not say that all the poor people drink. The two are different. There is a great deal of difference between the two statements."

DR. SIR K. V. REDDI NAYUDU:—"I think it is the poor people that drink."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The same mistake as in the case of the percentage." (Laughter.)

DR. SIR K. V. REDDI NAYUDU:—"I think Government ought to have some figures by this time.

"I will refer to another point to which the Hon. the Premier referred yesterday in this House. He said the existing system of taxation is not an honest financial arrangement; it is dishonest to levy a duty on a fraction of the population. Mark the words, 'a fraction of the population.' And that is what we call abkari revenue. And then he said, 'we must get out of these dishonest, unscrupulous, improper and unjust proportions that we maintain of the wage-earner who raises the food that is necessary for the life of our people.' So far as the first observation is concerned, my friend, Mr. Gonsalves—he is not here—has replied; and I think I cannot add a word to it; so exhaustive or reasonable to my mind was his reply that nothing more is necessary from any one on our side.

"I would like to say a word or two with regard to the rest of the remarks. Now about the unscrupulous and unjust arrangement. May I submit that what seems to be more improper and more unscrupulous is this sales tax upon the poor people. It is admitted that only a fraction, a miserable fraction of the people are addicted to drink. And here, I think I am telling a truth which cannot be disputed, all the people—not only those who may be benefited by prohibition, but all the poor people in the country—bear a share of the national income. It was questioned yesterday. But it was long ago said in the *Shiraz* that a man earning 40 dollars—we may

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take a dollar to be Rs. 2½, and that means a man earning Rs. 100— pays a tax of Rs. 8. All the people in the lower ranks who do not earn much, all the salaried people including officials, all the biggest merchants in the country who pay taxes and all the greatest professional men in the country who contribute to the revenue of the country, if only we include all these people's contribution, we get the average that a man earning 40 dollars pays a tax of Rs. 8 per month. As a matter of fact there are millions and millions of men who do not earn more than three or four rupees a month, and that an additional tax should be added to them, because the treasury of the Government is depleted on account of our Prohibition scheme, that these people should be called upon to pay, can there be anything more unscrupulous than that? Can anybody with a heart support a measure like this? It is all very well for us to say that ' we are doing everything for the poor.' Was my friend wrong when he referred to crocodile tears? Where is your sense of fairness, where is your sense of justice? Nay, under your kindness and generosity you have not omitted even the foodstuffs which these unfortunate poor people eat. Cannot you exclude them? And yet to talk of doing everything for the poor people is unjust.

" Next, the Hon. Premier has enunciated a very good principle of taxation, with which I cannot say, ' I respectfully agree.' The Hon. Premier said, every commodity should be taxed according to the real value and not according to the taxable value, and everybody should bear proportionately to the expenditure of the State. Mr. President, I would ask the House just to apply this principle to the taxation Bill which we passed recently, the tax on motor spirit. Any one who has stopped at a petrol bunk would have seen on the board the price or the charges which he incurs or which has to be paid for the petrol per gallon. Well, Sir, the board says, the company's price of petrol excluding retailer's rebate but including freight from America is six annas. It costs the company here which sells American petrol six annas per gallon. Add to this the customs duty paid to the Central Government which is ten annas per gallon. There is a rebate of two annas, which, of course, this man collects from us; on the top of it we have to add under that Bill one and a half annas. Now what becomes of this rule ' that every commodity should be taxed according to the real value.' The real value is six annas; perhaps it is much less."

*THE HON. SRI C. RAJAGOPALACHARIAR :—" Excuse me, Sir, the whole argument is proceeding on a misconception. I am sorry, I used the words ' tax value ' which has led to this mistake. It was not intended by me to make a distinction between the price of the article and the price of it together with the tax or duty paid. I made only a distinction between the real intrinsic value of the article and the use to which it can be put for getting taxes. Toddy, for instance, is of no value for a man; but it is of great

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value for Government for taxation purposes. We should tax all those things which are bought and sold, which are of real value to the people and tax not merely those which are of taxable value. I did not make a distinction between the cost of production and the duty value of any commodity. I do not want the hon. Member should go on speaking on this wrong basis."

DR. SIR K. V. REDDI NAYUDU:—" It is not wrong basis so far as I am concerned, because, I have taken it from the newspaper; either it is the fault of the newspaper or the Hon. Minister himself is wrong when he says that he did not draw this distinction yesterday." 11-a.m.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" It is quite true. I could see that my language led to this mistake. 'Taxed value' as I called is open to this misconception as value including the taxation; that is not what I wanted to say."

DR. SIR K. V. REDDI NAYUDU:—" Very well, Mr. President, I am bound to accept the statement made by the Hon. Prime Minister in that respect. Now, Mr. President, when we urged all these things that I have been saying, when we say that the poor are affected, when we say that the poor will be the sufferers mostly, the extreme poor whose food charges would be increased, their wages are not increased correspondingly; it only means that they must buy less and eat less than what they are eating to-day. And what is the reply? 'We have given you Prohibition.' It remains to be seen whether all these people about whom I have been speaking have been benefited by the abolition of the drink. It has been admitted, Sir, that it is only a miserable fraction, not all, and it cannot be denied that those who are drinkers hitherto or drunkards hitherto will also be affected and will lose their standard and lower their standard of living. And yet it is Prohibition that is given to them. My friend Mr. Raman here asks 'what has the Government done for the poor?' Off comes the reply, 'Prohibition.' The bus passengers complain that they are obliged to pay more and that they are unable to travel and they have to walk in this sun of 105 and 106 degrees; what is the answer? 'We have given you Prohibition.' The cheroot smokers in the northern country complain that they are not rich and that now they are getting three or four cheroots for a copper and that hereafter it will be reduced to two. The reply is: 'You don't complain, have we not given you Prohibition?' At the top of all this, Sir, there is this tax, Saviour of Prohibition!

" Mr. President, hereafter, I suppose people of this country need not perform their *japam* and call Ram, Ram with the garland of Tulasi beads in their hands. Hereafter they can take the garland of Tulasi beads in their hands and say not Ram, Ram, but Prohibition, Prohibition!" (Laughter.)

* THE HON. SRI T. PRAKASAM:—" Sir, I had no idea of intervening in this debate but some statements made by some of the hon. Members have induced me to say something in reply.

" The hon. Member Sir K. V. Reddi said that the depression that started a decade ago, has no doubt affected some countries, but it has not affected our country."

DR. SIR K. V. REDDI NAYUDU:—" On a matter of explanation, Sir, I did not say, it has not affected, but it has affected to a limited extent."

* THE HON. SRI T. PRAKASAM:—" 'Not so much as it has affected the western countries.' That is what the hon. Member said. I may point out to the hon. Members of the House that the depression which started in 1929 and continued in 1930, 1931 and 1932, and affected the whole world, made Germany bankrupt, England very nearly bankrupt; that depression compelled Great Britain to declare 'Gold standard off,' to take necessary measures, protective measures to protect her own trade, industry and business. The other countries that were also affected took necessary steps to get over the consequences of the depression. Some countries like Germany in spite of the bankruptcy recovered so well; even though she had not a single coin in her chest, a single gold coin in her vault, Germany recovered in such a wonderful manner on account of her skill and ability. She said: 'Even though we have no money, even though our banks have failed, our credit lost in the world market, yet here we are to carry on our business with the rest of the world. We have got the capacity to produce manufactured articles here in this country, we give them in exchange to what we want from other countries.' She did succeed in doing so. She succeeded to such an extent that Great Britain was not able to understand how that was possible.

" Well, Sir, the trouble of our country and our province has been with the fall in prices that started in the world depression referred to by the hon. Member, Sir K. V. Reddi. What are the causes of this fall in prices? There are two recognized causes; one is overproduction and the other is shortage of money which is called the purchasing power in the technical sense. Have we got plenty of money to-day? Have we got overproduction to-day? Hon. Members will consider. While there is so much of land to be developed in our country which could yield all that we want and even more, so that we can export them in proper time, we are not producing what we want. We are importing over 5 crores worth of foodstuffs instead of growing them here. What is our position to-day with regard to prices, with regard to exports and imports and the balance of trade? Our exports have been on the decrease, imports are higher than exports. In 1914, that is the war year, our exports were more than our imports and we had over 4 crores to our credit. In 1920 we went on to the deficit side to the extent

of 6 crores. In 1937–38 we are in the deficit side to the tune of 4 crores. When exports are smaller than imports, the trade balance is adverse to us. How has this adversity come? This adversity has come with the fall in prices that started in 1929–30. Other countries have everything under their control to protect their own interests; Britain, particularly, by putting tariff walls and by preventing Russian goods from entering their markets, and by declaring the gold standard off and by abolishing the free trade, protected her interests. But what happened to India which has been dependent on Britain? Has India been given that protection by way of levying a tariff duty so as to prevent Burma rice or the other foodstuffs that are coming into this country from elsewhere from coming into this country? No, nothing of the sort. On the other hand, after taking all the necessary measures to protect herself, she wanted to find a gold mine to fill her pots, because all the gold she had in the country had been depleted on account of America compelling her to pay the War debts and reparations in gold and not in silver or in any other metal. India supplied all the gold. How many hundreds and crores of gold bars have been sent during the last decade until now from here? And what are the terms on which this gold was sent to Great Britain? The Secretary of State for India who holds the key in his hand even to-day—even after this so called Provincial Autonomy has been given to the people, he has got the power to declare anything he liked with regard to the currency policy—said, ' We want gold now. We are in distress now. All our gold has gone to America. If we have not got gold here, our credit will be lost. We offer to our Indian subjects not 20 shillings per pound, but we offer 27 shillings or 30 shillings for every pound of gold. We want gold! ' Gold left the Indian shores year after year, some of our great friends having started the game themselves. All this gold has gone away . . ."

SRI B. NARAYANASWAMI NAYUDU:—" May I know, Sir, whether this is relevant to the Sales Tax Bill? "

* THE HON. SRI T. PRAKASAM:—" My hon. Friend will raise the question, I knew. This is pertinent to the Sales Tax Bill and this is pertinent to the question which the hon. Member started with in his speech stating ' Well, Sir, what is the justification for this levy? I am in a different position here to-day. If it is merely to fill the Prohibition pit I will oppose it, but if on the other hand it is in any way helpful to the tenant or the ryot I shall be willing to support this. If I do not support it under those conditions I will be taken to task to-morrow.' He said that and he wanted to know, ' What is the necessity for levying this money? Is it only a Prohibition—excise—tax deficit? ' He has been told not only in this House, but in the other House as well, that the Government are committed to

the Prohibition scheme, started work, first one district was over, then a second district, and then a third district, to one of which this hon. Member belongs, and a fourth district has been taken; *and it is admitted that four crores of rupees will be the deficit.* When that is the deficit, what is the duty of any Government? The duty of the Government is to see that in the light of the policy to which it is committed there is sufficient money secured. No second question can arise on the face of it. As has been stated by *Mr. Ramalingam Chettiar it is the first charge on the revenues* now. Taking that as the first charge I may endeavour to point out to this hon. Friend who raised these two questions that it is not only for this purpose but it is for other purposes which require money and demand money to-day from the Government that we have to look to. Whether this money is sufficient or not is a different matter. It will not be sufficient to me. It will not be sufficient according to us even to cover, to fill, this Prohibition—excise—deficit. But that does not matter. We have to place before hon. Members that we have great doubts about the needs of the country. I am pointing out to the hon. Member the financial position in which his province and his country generally stand to-day. 'What is the relevancy?' he asks. If this is not relevant what else would be relevant?"

SRI B. NARAYANASWAMI NAYUDU:—"It is relevant."

* THE HON. SRI T. PRAKASAM:—"His gold is gone. Whatever gold there was of even the poorest of the people in the village is gone. He has come out of the villages and speaks for the ryots and the tenants! *He ought to know what the effect of* that gold leaving this country is. So, Sir, I am pointing out that this deficit in the export trade must be made up. How will this be made up? I wanted to tell the Honourable House, Sir, how a situation like that was met by Britain herself when her markets were flooded not with German goods, not with Japanese goods but with the goods of Soviet Russia, the much condenmed Soviet Russia. At a time when every country was engaged in the War, when every country had been declared bankrupt, the country that sent manufactured goods was Soviet Russia. Germany and Japan followed. What did Great Britain do? I am addressing the hon. Members of this House and through them those traders of our Province who were told that this was a disastrous tax and that they should raise a protest. Sir K. V. Reddi has said here, 'Every village has protested; every man has protested; every woman has protested; every child has protested.' It is a long time since he has gone into the villages, apparently!" (Laughter.)

DR. SIR K. V. REDDI NAYUDU:—"No, Sir. It is only a few days ago that I went into the villages and I spent a greater part in the villages than in the city. (An hon. Member: 'In your own village.') Yes, in my own village."

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* THE HON. SRI T. PRAKASAM:—" I do not dispute that he lived in his own village. (Renewed laughter.) I am glad he has gone to his own village if he had not done so in the past. (Dr. Sir K. V. Reddi: ' I have often gone.') But his own village does not make the whole Presidency. There are about 50,000 villages. If I go with him to his own village, he will be able to understand perhaps what his own villagers will say. (Dr. Sir K. V. Reddi: ' You are welcome.') He has stated here to-day. ' Every man and woman has protested against this.' Every man and woman in the villages, the hon. Member ought to know, have found out the truth long before the agitation was started in some of the cities and towns. They are of opinion that nothing would be done by this Government which would bring trouble to them, which would bring ruin to them. They know that. Even they may be told that this is a tax that would affect anybody. But they will wait and see whether the Government that is put into office to-day would take any step which would bring ruin upon them. They have got enough good sense, I may tell Sir K. V. Reddi Nayudu.

" Villagers' interests are to be protected primarily. I stated the other day in the other House that it is not enough for any Government to balance merely the budget. It will have to balance the trade, it will have to balance the budget of the cultivator and the villager. It is only then that the Government can claim to be the Government of the people, working for their interests. Whether we have succeeded or not, whether we succeed or not, it is the endeavour of this Government to see that all these three budgets are balanced. One cannot expect the Prime Minister to get up and declare what all he is going to do from morning to evening and during all the period of his office. He has started it and he has placed these before this House and before the country. Now, money has to be secured. How can this money be secured for helping the cultivator for filling in this deficit, excise revenue deficit and also for making all the necessary arrangements to make the exports and the imports balance? It is an elementary rule that exports and imports can be balanced only by improving the export trade. The export trade can be improved only by developing the industries and by developing the manufactures. How can these things be done unless you have got money on hand? To-day I am telling the hon. Members of the House that the Government have got a scheme of colonisation, a scheme of development and a scheme for adopting certain preventive measures recommended by the Famine Code Revision Committee recently in the western districts. We have got all these things. According to the Famine Code Revision Committee recommendations three or four mills have to be erected which will cost nearly a crore of rupees, according to their estimate. They have recommended certain

irrigation works with a view to give water to the people there. Where will you get the required money from? It is the duty of the Government to see primarily that all the material that is going from India to other countries by way of exports, if it is possible, is diverted towards manufacture and industry in this country itself. Without looking into all these things, without examining the financial position of the Province as a whole and without examining the condition of the people the hon. Member, Sir K. V. Reddi, who has filled such high offices, who has gone to Great Britain and who has seen the people in the villages and noticed how they are living, noticed their standard of life, knowing his own village into which he has gone recently, has come here and eloquently stated in the manner in which he has done. I am really sorry, Sir, that we should forget our own position and our people in the country. Their position to-day demands, not one and a half crores, not two crores, not five crores, but even twenty crores would not be sufficient if you wish to make the country, which is a desert to-day, smile once again and give food and cloth to the people just for their bare subsistence. This is the position which I request the hon. Members to note and examine and study from day-to-day as they proceed. There is no good of obstructing the Government merely for the sake of opposition because we stand politically on opposite sides. You must help the Government in all matters possible. This measure is introduced with a view to promote the industry, trade and general welfare of the people in the country. You have to examine this measure from that standpoint.

"What is the point in what he has stated when he said 'The depression has not affected this country so much as it affected other countries.' I have got to say, 'The depression has left them so far as they were concerned.' Great Britain depends day-to-day upon this country, India, so long as it holds that key to regulate the currency policy and the exchange policy of this land. That is our difficulty. How are we to raise the price-levels in the province, I would like to know. You can raise it only by taking stock to-day, the deficit exports and the increased imports into account. You can raise it only by taking steps immediately in the country to improve your products, increase your industry and manufacture; and it was only in this way that in Italy, when a similar situation overtook them, they managed. By doing these things, I may point out to the hon. Member, they will not only increase the industry and the manufacture of this country, not only supply the food and cloth required by the people, but they will contribute to the rise of the price-levels. India is a self-contained country but for the fact that this country is under subjection to another country even to-day. In this country if only we could levy tariff walls just as Britain had done, just as America had done and other countries had done

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in times of trouble, we will solve our troubles within even one or two years. But we are not permitted to do this under this so-called Provincial Autonomy. Therefore we can, by way of self-protection and for promoting the interests of our own people, levy only the Sales Tax. The sales tax we levy, Sir, not secretly. *We are taxing the foodstuffs not secretly*; we are doing it deliberately. I am ready to go into the country and convince the people there that the tax is rightly levied on their food and all the necessaries which are mentioned here, chillies, salt, etc. Of course he said that on salt the country had gone into jails. The freedom was fought on salt and these people if they are sitting in office to-day, they are sitting on account of the salt. (Hear, hear.) We know that and we know our people also. We can tell them, 'Unless you tax everybody and all necessaries of life you cannot *have the money to carry on the administration* of this Government. This Government is yours. You put the Government in office. Tax yourselves first and tax others who have not been taxed until now.'

"Who are these traders? Am I quarrelling with merchants? Are we not aware of the fact that these friends were by our side in the fight for freedom? Yet it is our duty to tell these friends, these merchants and traders, 'This is not the old administration; *this is not the old Government. This is your Government. Your* Government can run only when you tax yourselves and pay the money. We are here to educate you. You may be misled by some agitators who do not understand or who do it perversely. But we are here to tell you that it is your fundamental duty to lay a portion of your money for the administration of the Government and then use only the balance for yourselves.' I want the traders of this province and this country to become real traders, to become real merchants, to become the masters of their own business here. Who are the masters of the business here? Take any one case you like. Go to the exporting port. Find out who the exporters are. There may be very many other people who gather all these things from the poor people up to the last point. But who are the real exporters here?. All these 12-
are common agents who are called dealers. It is the desire of our P.M
Government to see as early as possible that these merchants and these dealers, who are not real dealers, divert their capital for the promotion of industries and manufactures in the country and become real manufacturers making money which the Englishmen are making in their own country or other people are making in their own countries. How can all these things be done unless Government levy a tax like this?

"What is this tax? This tax, it was said in the other House, affects everybody. It does not affect everybody. The hon. the Prime Minister told you in the opening speech how those having

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a turnover of under Rs. 10,000 are exempted. Who are the consumers? I know the consumers along with Sir K. V. Reddi. In the Madras city, who are the consumers of all goods that come from foreign countries and increase the turnover of business? They are not the villagers. It is not the villagers that are purchasing the Japanese goods and all other imported goods and flourishing in the manner in which we are flourishing in the city. As I pointed out in the other House what you find of imported goods in the poor cottages is kerosene oil for lamps and it will be the endeavour of this Government to substitute kerosene oil by some vegetable oil. Everything has to be looked into. To-day there is a Paper Mill on the banks of the Godavari from which district the hon. Member Sir K. V. Reddi hails. That Paper Mill is in trouble. Some banks have failed here. We have not been able to render any help to the banks even though we thought of it. It was not possible for us. There was a Reserve Bank with a constitution that was rejected by us when we were in the Central Assembly in 1927–28. In our absence that was passed and that constitution gives no power for expansion anywhere. To understand the financial position of the province you will have to understand all these conditions. If one bank fails other banks fail. When many banks fail the manufactures fail. Has anybody taken into account the condition of the industries on account of the failure of the Banks? We have not been doing anything except tackling the financial deficit legacy that has been handed over to us by Sir K. V. Reddi and others—not anything to our credit worth the name. Twenty years in anticipation they increased the expenditure to the tune of four crores and we have not been able to find out how to reduce the expenditure which they increased in 1920–21. That is the financial position of the country and it is the duty of the Government although we are not able to jump and do everything at once, to take stock of the situation and they are endeavouring to do the whole of their duty. If only the hon. Members of the House understand the real position, no question will be raised why this money is required. If you forget all these and imagine that you are sitting on the top of the house enjoying everything, then such questions can be raised: ' What is it you want? Only 17 lakhs. Why don't you raise that much? ' Now that is the position of this province. That is the programme and that is the policy of this Government. That is now the position in the country."

* SRI L. SUBBA RAO:—" Mr. President, after the impassioned address of the Hon. the Revenue Minister very little remains to be answered. But I will submit for the information of this House the views held by the hon. Sir K. V. Reddi fifteen years ago as reported recently in a newspaper. Sir K. V. Reddi no doubt voted against Prohibition. What was the reason for voting? Is it because he is in the Opposition to-day or it is

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because there is no prospect of his getting into office in the near future? In 1924 after having acted as a Minister for one term and when he was out of office he addressed the Third Annual Conference of the Hindu Temples' League in November 1924 thus:

'The Madras Presidency pays something like Rs. 4 crores in the shape of Excise Revenue to Government and that is a large drain on the purse of the poor people who are addicted to drink. It is a vice of the people that the Government tax now.'

" Has drink ceased to be a vice 15 years later?

'The excise revenue is paid by people who can hardly bear taxation.'

" Does it cease to be a truth now?

'The Government of India in order to save the morals of a foreign country like China has been prepared to lose several crores of rupees in the shape of opium tax. Is it unreasonable to expect the Government to forego a much smaller revenue and thus save the morals of people of their own country? The country is no doubt already taxed now, but in preference to excise revenue, derived from classes of people who can hardly bear it, the Government might levy revenue such as, death duties, surcharges on income tax, taxation on luxuries, transfer of properties, partitions, tax on tobacco (against which he waxed eloquent four days back.' "

A Voice:—" Sales tax."

SRI L. SUBBA RAO:—" Sales tax was not known in this country then. Very few economists knew it even in European countries. For the first time it was raised in Germany in 1916. It was introduced into France in 1917. It was only in 1920–21 it formed one of the basic revenues in France. It was adopted by 30 European countries recently. Thirty-two American States have it subsequent to the War. It was not known to us. It was included in the Government of India schedule in pursuance of its adoption by various European countries. Sir K. V. Reddi might not have been aware of it then. It was not perhaps brought to his notice then. It was only a text book that was published in 1924 that mentioned it."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Or even deliberately omitted."

SRI L. SUBBA RAO:—" As the Hon. the Prime Minister said even if it had been deliberately omitted it does not matter. I say it is not a question of deliberate omission. It would have been pointed out as a source of revenue if he had been aware of it. He further said in another place. 'Then the tax on tobacco, banks, mills, railway companies and successions. All these taxes touch the pockets of the people who can bear a little up. [Transfer of property I am afraid comes under sales, rather includes sales. (Laughter.)] The Reformed Government failed in many of the public expectations, but in the matter of excise policy the failure is ignominous.' After this statement it is very difficult to understand the reasons that have been put forward by Sir K. V. Reddi against Prohibition. The only reason seems to be that he is sitting in the Opposition to-day. The other

reason seems to be that he is not going to hold a responsible office, perhaps in this House in the near future (laughter) to be accountable to the electorate with regard to Prohibition. What is it that the Congress has done? When it appealed to the country it was a chief plank in the platform of the Congress that drink should be put an end to. The electorate which put the Congress in office knew very well then that the first item of revenue that would be abolished would be the excise revenue and people also would have known that some other sources of revenue would have to be tackled. So in the same speech quoted above the distinguished knight who spoke on the morals of people in India said:

'People in India are expected to be temperance men, whether they own it or not, not that there is less drink in this country than in other countries, but they have been trained in a school of thought which always believes that drink is a sin, according to the belief of most Hindus and Muhammadans.'

" This is also an extract from his speech. After this we have to find some substitute for excise revenue. What is the substitute, is the question? The hon. Member Mr. Saldanha said that there might be some other substitutes. In a long roving speech he has not been able to make any suggestions. From his place it is easy to make suggestions. In a country like France it is equal to the revenue from income-tax. In Belgium it is equal to the income-tax. In Germany also it has taken the first place and it is considered to be a better tax. Though it is called a regressive tax it falls on all people according to the capacity to pay. Much sympathy was shown in respect of the poor man. The poor man that earns eight rupees a month what is it that he spends on sales tax? He goes to the smallest grocer whose turnover may not be more than Rs. 30 but who buys from the wholesale dealer and he will not pay a tax of more than an anna and a quarter. Is it a tax that is oppressive to the poor man? The poor man does not generally contribute any tax to the State. For the protection that he gets from the State he has to make a contribution. The rich man who buys 500 or 600 rupees worth of food stuffs or other articles will have to pay so many 500 times two pies or three pies. It is to be noted that there is agitation among the traders. It is a matter for watching, waiting and seeing. If in an year the trade is paralyzed or disturbed then it will be time enough to think of readjustment. The opinion of the manufacturers is that manufacture will be affected. It remains to be seen how far they will be. Mr. Gonsalves asked, 'you had better make an estimate of the income and the expenditure and then tell us whether it is worth undertaking.' It is something like asking a person to swim before he gets into the swimming pool. We will have experience within one year or half year as to what the income and the expenditure will be. Even in France they did not estimate what it would cost. Ultimately the tax developed to the extent that the expenditure was

comparatively less as methods and means were devised. Then, Sir, there has been some agitation among merchants in my part of the country against the tax and in spite of arguments some merchants do not seem to have been convinced. That is because it is represented that it is a tax on trade. We find from various treatises on economics that it is treated not as a tax on trade but a consumer tax. It is a tax on consumers. It is only in a very few cases that it may be considered to be a tax on trade, because only when there is fall in prices, the trader will be obliged to absorb the tax. When there is a rise in prices the trader will make a profit after meeting the tax. All these require readjustment in course of time. With these observations, I commend this Bill for the acceptance of the House."

12-30 p.m.

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Mr. President, after the speech of the Hon. the Minister for Revenue and the speech of the Hon. the Prime Minister in the other House it cannot be seriously contended if I say, that this tax is going to be a sort of poll tax because it was accepted that it will affect mostly the consumers. Who are the consumers? Are not the entire population of this province, over ninety per cent of them, the consumers? Are they not poor? The Hon. the Revenue Minister asserted that they are doing it deliberately and that they have got sanction behind it. He questioned the statement whether it will affect the poor or not. May I tell him that it will affect the poor? It was stated that because exemption was given to dealers whose turnover is less than Rs. 10,000, it will not affect the poor. Can it be said that these dealers are getting their articles direct from growers without paying any tax? Wholesale dealers will pay the tax and will include it in the price to which they sell the articles to the retail dealers who in their turn add their quota of profit and then only fix the price for sale.

"The Hon. the Prime Minister stated yesterday that more than half of the gross produce is being taken away by persons in their homes and tillers were not given anything. I do not wish to say that the position of the tillers who are under the landholders who are in their homes is satisfactory and gives no room for improvement. But I would like to say that most of the pattadars are not persons who are sitting in their homes but are actual tillers of the soil.

"Much has been said about the Congress pledge and the Congress manifesto. Let me examine what they have stated in their manifesto. At one place they state:

'The poverty-stricken masses are to-day in the grip of an even more abject poverty and destitution, and this growing disease urgently and insistently demands a radical remedy. Poverty and unemployment have long been the lot of our peasantry and industrial workers; to-day they cover and crush other classes also the artisan, the trader, the small merchant, the middle class intelligensia'.

[Sri N. R. Samiappa Mudaliyar] [18th May 1939

" In another place they state:

'At the Karachi session of the Congress in 1931 the general Congress objective was defined in the Fundamental Rights resolution.'

" That general definition still holds. The last five years of developing crisis have however necessitated a further consideration of the problems of poverty and unemployment and other economic problems. With a view to this, the Lucknow Congress laid particular stress on the fact that 'the most important and urgent problem of the country is the appalling poverty, unemployment and indebtedness of the peasantry, fundamentally due to antiquated and repressive land tenure and revenue systems and intensified in recent years by the great slump in price of agricultural produce, and called upon the Provincial Congress Committees to frame fuller agrarian programme."

" Pending the formulation of the fuller programme the Congress reiterates its declaration made at Karachi—that it stands for the reform of the system of land tenure, revenue and rent, and an equitable adjustment of the burden on agricultural land, giving immediate relief to the smaller peasantry by a substantial reduction of agricultural rent and revenue now paid by them and exempting uneconomic holdings from payment of rent and revenue.

" Now, have they taken any steps to implement this pledge? As claimed by the party in power that they have accepted the office and wrecked the constitution by working it, they may claim that they are reducing the taxation by imposing additional taxation.

" Sir, reference was made to the lack of courage of the Justice party with regard to the Prohibition policy. Sir, it is true that my party is pledged to Prohibition policy but not to the breakneck speed of the Congress and at the sacrifice of other and more insistent relief, especially relief of land revenue taxation. What you call courage is nothing but foolhardiness. It may be further stated that a pledge to Prohibition policy does not involve a pledge to all the schemes of taxation which the Government might propose. Our vote for Prohibition policy cannot be understood as a licence for any taxation proposal of the Government. In fact, my hon. Friend Mr. Narayanaswami Nayudu definitely asked the Government to state, at the time when the Prohibition Bill was under discussion, as to how the Government were going to adjust their financial loss. No reply was given to that at that time.

" Reference has been made again to the enormous increase in expenditure during the time of the Justice party. May I ask the Members of the other side to take the House into confidence and tell us in what way they have attempted to reduce the expenditure and how far they have succeeded in it?

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" Again reference has been made to the concession shown to the cotton and yarn producers. I must take it, Sir, that it is a compliment paid to the Hon. the Prime Minister without whose consent the Select Committee could not have granted that concession and I am glad to note the same. I only wish to be in the happy position of my hon. Friend to be able to persuade the Prime Minister about the reasonableness of the suggestions which will be made by this House.

" My hon. Friend, Mr. Subba Rao, took Sir K. V. Reddi to task for the views which he held in the year 1924. I am not here to defend Sir K. V. Reddi, but may I ask the other side whether it lies in their mouth to charge others with inconsistency. What about the question of separation of Judiciary from the Executive? "

MR. PRESIDENT:—" That question is not now before the House."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" What I meant to say was that there was nothing wrong if one changed his views after experience. Now, the other side have changed their opinion and have stated that separation of judicial and executive functions is not necessary."

DR. SIR K. V. REDDI NAYUDU:—" A word of personal explanation, Mr. President. I never thought that the Leader of the Opposition would take any serious notice of the speech that was made. I really wonder what Mr. Subba Rao had in mind when he said that I have changed in mind. I supported the tobacco tax here. I only objected to the particular form in which it was placed before the House."

THE HON. SRI C. RAJAGOPALACHARIAR:—" I would not depend on the 1924 speech of Sir K. V. Reddi at all. I give that assurance."

DR. SIR K. V. REDDI NAYUDU:—" I am very much thankful to the Hon. the Premier, Sir. What about the Rowlatt Bill or the Rowlatt Act? You condemned it yesterday and put it into force to-day. That you should come and take me to task! "

SRI L. SUBBA RAO:—" Do two wrongs make a right? " (Laughter.)

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Sir, coming to the point of this tax, I beg leave to submit that we are not opposing this tax, simply because it is sponsored by this Ministry. We are not opposing it because we want to discredit this Ministry. But we want to oppose it as it affects vitally all classes of people. As I said before, it affects the agriculturist who is the real consumer as also the producer. It affects the consumers who are mostly poor men. Sir, when I say that this tax

would affect the producer, I think I should explain how. It would affect in this way. While the Government have exempted him from this tax, the merchant imposes this tax by offering low prices for his products, in order that he may meet the tax imposed upon him by the Government. This clearly shows that the producer has got to pay this tax indirectly, though not directly. The most unfortunate position of the agriculturist is that he is doubly taxed: While he gets a lower price for his produce, he has got to pay higher price for his necessities of life and for his agricultural implements and for his clothing. Therefore it is wrong to suppose that the agriculturist is exempt from this tax. In fact, he is one of the worst sufferers under the present taxation policy.

"With regard to the total income from this tax there is difference of opinion. The Hon. the Prime Minister expects a certain sum, and one of the prominent Members of his party expects a different amount."

SRI T. A. RAMALINGAM CHETTIYAR:—" I gave an estimate on the basis of the Bill as originally framed. The several changes made in it by the Select Committee have changed the position."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:— "The hon. Member was heard to say that yesterday. My point in stating that is that men with experience and the expert member expect more revenue than what was expected by the Government. To-morrow, according to the provisions of the Bill, the rate can be increased and the exemptions withdrawn by an amending Bill or with the help of the rule-making powers. With his present majority in the Legislature the Hon. the Premier can get any amending Bill passed if he so minds. The Hon. Premier stated that if he gets more than $1\frac{1}{2}$ crores, he will reduce the rate. The Hon. the Lady Member has shown clearly the other day when she dealt with the Tobacco Bill how it is not possible to give effect to that promise and I therefore do not propose to go into detail. I desire to point out that, if only the Hon. Premier had been serious in making his statement, it would not be possible to fulfil the promise in view of the fact that Government have not been able to modify the land revenue policy which they have been hitherto following or to give relief to the ryot, although the Congress party has quite definitely promised in their election manifesto that they would reduce the burden of land revenue. They say they are considering it still. It is $2\frac{1}{2}$ years now, and yet they are saying that they are considering that question. I do not want to take up any more time of the House. I am hopeful that the Hon. Prime Minister will accept reasonable suggestions and amendments made with a view to lessen the rigour of the tax."

12-45 p.m.

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* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, first of all, I must say that I am not only conventional but I feel a sense of duty in expressing my gratitude for the courtesy and restrained manner in which strong feelings have been expressed. It is always easy to feel strongly but to find correct and courteous terminology for giving expression to those feelings it is very difficult; and it is really a matter for congratulation that on this measure of taxation criticisms in this House which probably contain the strongest elements of Opposition to-day, have been so framed as to enable me to tender this expression of thanks for the manner in which the criticisms have been expressed. At the same time, let me not be untrue to myself and let me say therefore that there is a feeling in my mind that not all the criticisms were quite fair. I have a distinct feeling—it would be hypocrisy on my part not to give expression to that—that some parts of the criticisms were not quite fair and were not addressed to the Government, but were addressed to people outside who may be easily misled and may thus take an unjust attitude towards us in respect of all that we are doing. I do feel that certain important observations were intended more for those people who may be misguided, than for people who may reshape or amend the Act.

" For instance, the repeated appeals made to the possibility of this tax becoming a burden on the poorest and giving expression to that feeling in language which is full of fallacies is a thing which I believe the speakers are not unaware of. Let me substantiate this complaint of mine. I think Mr. Gonsalves it was who said ' you are taxing the poorest people; the excise tax has been admitted to be a tax on a few people; and this sales tax which is going to be a tax on so many poor people is really worse than the liquor tax that is levied on a few miserable people.' I do not exactly remember if Mr. Gonsalves said this, but I think, some others also repeated that argument to-day. It is a plain mathematical fallacy. If the total amount which the Government want to recover by way of revenue, is imposed as a tax on a few miserable people, one kind of injustice results from it. But if the same total amount is distributed on all people in the country, naturally different results follow. It was argued on the basis of the words ' few ' and ' all,' and was pointed out that when the liquor tax was imposed, it would affect only a few poor people, whereas the present sales tax, if it is imposed, will affect most of the poor people, and therefore this tax must be hundred-fold unjust. That was the fallacy which the elder Members of this House gave expression to so that it may be cast abroad, printed in black and white in newspapers and also be translated in various languages so that this miserable Government might not have the chance of preventing the fraud that may be practised on the public by giving them this fallacious information. I say this is a fraud. If a

certain amount of revenue is distributed over the vast bulk of the people of this country, the burden which each will have to bear is reduced to that extent. But if the whole 4 crores is made to fall upon a little number of miserable people, it will certainly fall upon them heavily, and it will not only be unjust but it will also be oppressive. That is the fallacy I am pointing out. It is always good to distribute a certain amount of revenue that you want in the form of tax over a larger number of people than on a smaller number,--whether they are good men or bad men it does not matter so far as the burden is concerned. Here is a tax which falls heavily over a few and here is another tax which will fall on all. So, I say you are doing greater injustice to those few people. I submit that would be unfair. The very reason that I put forward for this measure is its relief in reducing the burden over all. The words 'few' and 'many' have been used in such a manner as to bring out something which is atrocious and which is not worthy of the elder Members of this Chamber. That is why I took the liberty of saying . . ."

DR. SIR K. V. REDDI NAYUDU:—"At any rate it is not so unworthy as the word 'dishonesty'."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"That does not excuse him at all. I maintain that it is dishonesty. I did not apply it to any person. I applied it to a system, which I understand is dishonest. Now I want to remove that system; I say the system is dishonest, because in the shape of reducing consumption of liquor, it is sought to bring up the revenue from drinking which the miserable man cannot escape. So am I wrong in calling this system a dishonest system? The facts are correct and therefore you must confess that what I say is correct. Let me say in passing that I am trying to remove it. I do not call any particular man 'dishonest'. I am sure that, not owing to want of intelligence that this question of difference between throwing the taxation burden on a few people and over all the people was not understood and therefore it was much stressed upon . . ."

DR. SIR K. V. REDDI NAYUDU:—"I honestly say that nobody else can stand equal to you in the matter of intelligence."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"I am too old to be flattered by such expressions. I know, there are many cleverer men than myself. Sir, it is not right to take up the time of the House on this point. I have no great admiration for myself. I wish I were cleverer in a true sense than I am. I am only trying to put forward things just as I see them frankly and courteously. I do not mean any discourtesy to any individual or others. I do say it is a great fallacy, and it is very confusing to utter in this House to make up the argument that because a burden

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is imposed on all, that burden is the same in quantum as that which is imposed on a few. The greater the distribution of the burden the lesser is the burden, and any arithmetician who knows the fractions will understand that the larger that a burden is distributed the lesser will be the burden to each one of them. Therefore, considered in any way it is a fallacy to say that the burden distributed over a larger number is more burdensome to each. To the extent to which the tax is distributed over many than over a few, to that extent it is a juster and fairer tax.

"Then, Sir, Sir K. V. Reddi raised a point about the need of being just and thus made a confusion between good and just. It is an important point and I am therefore hanging to it. It is wrong to confuse both. It would make nothing clearer if we try to differentiate between just distribution of a tax and morality of the subject-matter. I hold clear opinions. I change nothing. I do say that drinking is bad, the sale of drink is bad and that Government should not sell it and that the duty of the Government is to prevent drink and that it is wrong for a man to drink. As regards the justice of the tax that is imposed on sale of intoxicating liquors I say it is unjust, because the whole money that has to be paid is paid by those people who are slaves to this habit, instead of our making all the people bear the taxation burden. It is in that sense that I used the words 'proportion' and 'fair distribution.' They have nothing to do with the moral quality or the physical quality. The word 'balance' really means 'adjust, and we take the word 'adjustment' from the very same word 'balance.' It is the proportion that we are now dealing with. Sir, this tax is intended as an adjustment of tax-burden. Therefore it is a fairer tax; it is a juster tax. To that extent this tax has something to say in favour of it. Then another hon. Member, I think it was Sir K. V. Reddi, referred to the Bombay measure and asked us why we should not follow it. Have hon. Members seen the Bombay measure? I would like them to see it. The Bombay measure is this. It is not for me to criticize the Bombay measure; it is for me to defend myself when an argument is put forward that the Bombay measure would have been better than the present measure. The object of that measure is to levy a tax on the sales of goods specified in the schedule; it is not merely a licensing measure as was sought to be made out. Then the machinery for the collection and the particular sales—wholesale or retail—to be taxed are proposed to be left to rules. I want Sir Frank Birley's attention in this connexion."

1 p.m

SIR FRANK BIRLEY :—" Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The Bombay Bill proposes to levy a tax on the sale of goods specified in the schedule and the machinery for the collection and the particular

sales—wholesale or retail—to be taxed are proposed to be *left to* rules. But it is stated in the Objects and Reasons that the tax will be confined to a maximum of 6¼ per cent. If everything is to be left to rules, that would give me a certificate from hon. Members opposite, and I am quite prepared to have it straightaway. Let me read the clauses of the Bill which leave these things to be done by rules and let not Sir Frank Birley's hair stand on end." (Laughter.)

SIR FRANK BIRLEY:—" I promise you it won't, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" That is why I dared to frighten him to this extent. I knew that he has no hair to stand on end. Clause 3 (1) says that there shall be collected a tax on the sale of any kind, of goods specified in the schedule and at such stages between their manufacture, production or import as the case may be and their consumption as may be prescribed.' The *rules are to prescribe these matters*. That is the Bombay Act."

DR. SIR K. V. REDDI NAYUDU:—" Sir, we read recently in the newspapers that the Bombay Bill was confined this year for the sole purpose of licensing. Is it wrong? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Odd pieces of news sent out for propaganda and other purposes by newspapers and others do not make a change in the Bill that is now before the House in Bombay. If in the rules to be prescribed they intend to be moderate and confine themselves to one thing or another, *if they start with a licensing system in the first six months and* then develop a taxing system according to the rules, there is nothing surprising in it. If hon. Members would give us the power to fix the rate of tax and the incidence of the tax and everything else according to our determination by means of a notification under the rules, there would be nothing dangerous in making such a law. A licence fee could be levied at once for the next six months and the tax can be developed later on and we need not come before the House at all. It is not for me to show that the Bombay legislation is a hard piece of legislation. It is for me to show that our legislation is not worse than that."

SIR FRANK BIRLEY:—" Two wrongs do not make a right, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Two wrongs do not make a right, I admit. But if a wrong is committed, it has to be remedied. We see that certain taxes are wrong and they have to be corrected and they can only be corrected by imposing other taxes. In that way it may seem that two wrongs do not make a right. For instance, if *A* kills *B*, we hang *A* afterwards. Two wrongs do not make a right according to the law of non-violence, but we have to remedy certain things and to remedy

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them we have to collect money and people are to be educated to see that it is not a wrong thing but a right thing that we are doing. In that sense they will understand that there is no such thing as one wrong making another wrong right. Sir Frank Birley says that the fact that the Bombay Bill is bad does not prove that our Bill is good."

SIR FRANK BIRLEY :—" Exactly."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I admit, Sir, but Sir K. V. Reddi and a few others have been trying to prove that we are greater monsters than the Bombay people. I am only anxious to show to them that we have got only as much ugliness about us as they."

DR. SIR K. V. REDDI NAYUDU :—" I did not call anybody monsters at all."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" They did not call us monsters: it was quite unnecessary. It was quite enough to say that we do monstrous things."

DR. SIR K. V. REDDI NAYUDU :—" We did not use the words ' monstrous ' at all."

SRI B. NARAYANASWAMI NAYUDU :—" Is the Bombay Bill a general Sales Tax Bill or a selective Sales Tax Bill? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Call it anything you like, the Bombay Sales Tax Bill has a clause which says that ' a tax may be levied on any kind of goods specified in the schedule.' There is a schedule which contains certain selected articles."

MR. J. A. SALDANHA :—" What are those goods? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" We are not now dealing exactly with the Bombay Bill in great detail. The schedule contains such things as motor spirit, tobacco, artificial silk yarn and all sorts of things. That takes us immediately to the question of which is preferable—a selective sales tax or a general sales tax.

" Hon. Members have become very scholarly as a result of our efforts at taxation. Every one, I am glad to say, has taken the trouble of taking up volumes from the Library and sending for new volumes and studied them. And let me confess at once that I have not had the same time to go through these books as hon. Members have collectively commanded together. At the same time, I think I have understood the purport of these books and the quotations from them. I shall deal with them at once. Mr. Narayanaswami Nayudu said that he preferred, after a study of

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these books, that we should follow a selective sales tax system instead of having a general sales tax. Now my first answer is that we have done that. We have taxed petrol, tobacco, liquor and certain other articles of consumption. Whether you call them commodities or goods, it does not matter. We have had certain selective taxes. *It is not as if we have given up the system of selective taxes.* What is selected in London or America need not necessarily be selected here. I go so far as to say that what is selected in Bombay need not necessarily be the best selection in Madras. We have to select certain taxes and we have selected certain commodities for taxation. It is not as if we have given them up. Selective taxes, it should be remembered, are heavier than general taxes. Selective taxes being necessarily heavier, we have to be careful in selecting them, because not only are we not to ruin the trade in these articles, but we should also not press far too heavily on people who consume particular commodities. We have to be careful in choosing them all round. In our unfortunate country, it is not merely the economic status of the man that decides what goods he buys, but social habits go a long way. Certain people consume certain articles and certain other people consume certain other articles. We will be causing great injustice if we swear too much by selection. It is true that it is possible to select a few luxuries which the more well-to-do consume and tax them so that the more wealthy may be taxed. In that way we have done some little. Apart from that, we cannot become, so to say, monogamous selective taxation people. We have to have both selective taxation and general taxation so that all may share the burden to some extent. That is the principle of our scheme.

" Then, Sir, Mr. Narayanaswami Nayudu quoted from a book, a very good book published in 1934. It is a book of selections and extracts in which articles written previously by various gentlemen have been collected. It is essentially a book of collections and the particular passage he quoted was from an article written by an American gentleman, who is a propagandist against the sales tax. Sales tax is a controversial thing in America because it was introduced at a rapid pace since 1930 or thereabouts. It was introduced here, there and everywhere. As a result, two schools of taxation—pandits and doctors—started each one writing against the other and each one swearing violently that its view is correct and the other's view is wrong. Mr. Johnson whose article is quoted in this book is obviously an anti-sales tax writer. It can be seen clearly. But even he has said enough to show to me at any rate that there is much good in it and that it is possible after experimentation that this tax may prove useful, good, proper and just. In 1929, when that article was written by Mr. Johnson, the tax had not been experimented upon. We have now had the benefit of several experiments. It is not as if each State should

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wait for another State making experiments. So far as we are concerned, those experiments have already been made. Our country is not entirely in the position of the small States of America which Mr. Johnson has dealt with in his article. Dr. Thomas has dealt with that aspect of the question. Our Province is a big Province and the Government here are imposing a sales tax. In their turn other Provinces in the country will have to face the same situation and therefore we shall have a sales tax everywhere. It will be a necessity, so that the inconveniences arising out of an unfair distribution of taxation among the several Provinces and States will disappear very soon, if only Mr. Narayanaswami Nayudu will wait.

"Then, Sir, Mr. Ramakrishna Reddi began to quote from another book. I think it was Mr. Green's book. That was a book written in 1933. Is that book available here? I am asking for that book, because I want to draw his attention to the summary in that book. (*The book was handed over to the Premier.*) The summary is found on pages 138–139 of the book. This also is written by an anti-sales tax writer. It is possible we have got literature on both sides. Both on this question of the sales tax and on the question of Prohibition we have got tons of American literature on either side and we can get them without any difficulty whatsoever provided we or the Government library pay the high price that they generally charge for these books. This author is an anti-sales tax gentleman. Particular interests are concerned in sales taxes and philosophies are developed in accordance with the particular interests easily enough. Sir Frank Birley approves of what I say by his nod. He thinks that it is possible. I appreciate his frankness. Of course he will say the same thing about me. There is no harm about it, for we do not represent particular interests though we may be ignorant of all interests concerned. This is the summary that the American gentleman gives in spite of his anti-sales tax attitude.

'The defects and objections to sales taxes have been set out at length because they may not appear to one who has not made a special study of them, or who has not had an experience of putting them into effect. The merits of sales taxes can be stated briefly.' 1-15 p.m

"It would not do for the propagandist altogether to ignore the opposite side.

'But it must not be understood that because this can be done that they are of but little weight or importance. After all the first question with reference to every tax is, will it produce the required revenue and here no question arises with reference to sales taxes. They are excellent revenue producers if enforced, and in many countries have been in a general way quite successful.' 'They have fewer complications than the income-tax and the computation of sales taxes is easier and more certain.'

To these I wanted to come presently. I shall finish them off now. It is always easy to find out the turnover; in such a case it is not

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necessary to unravel accounts to find out whether there is profit or not, how much profit is hidden, how much profit is shown and whether profit has been shoved away into the reserves; such information may be available to the Income-Tax Officer. All these things are difficult to get at, even from audited accounts. But in the case of the turnover, there is no such difficulty. That is what is referred to in the book . . .''

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR:—"Does the Hon. Premier think that every turnover is a profitable concern?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"It is the assumption that any businessman does not carry on business, unless there is some profit in it. To me it seems that nobody will be like the top that is about to fall and will carry on business without any profit. That fact should not be forgotten.''

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR:—"I may inform the Hon. Premier that there are timbers worth lakhs of rupees on the sea-shore. If they are sold to-day, we would be losing thousands of rupees, by reason of the low cost of timber. Rosewood which was selling at Rs. 50 is being sold now at a very low price.''

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Speculation is so rampant. I quite admit. Let me assure Mr. Moidoo that, if the tax, that we propose to impose, is to be imposed on the timber merchant, the man who wants timber is bound to pay for it. If it is lying unsold, the merchant need not pay any tax. If I do not sell, there is no tax at all. It is only when it is sold, the turnover is taxed. That is the difference. Mr. Green goes on to say:—

'While they sometimes require extensive records in the way of details, these records are, as a rule, comparatively simple and do not require highly expert accountants and technical advisers in order to make them.'

Tragic pictures, horrid pictures were drawn of enforcing people to keep accounts, of asking people who do not know to write at all to keep accounts. That is why I am reading this particular portion. It will not be difficult to keep such simple accounts. It is a simple affair, provided it is straightforward. Mr. Green says:—

'A general sales tax imposed at a low rate does not affect greatly any particular business, while a special sales tax must use a comparatively high rate in order to be productive of any considerable revenue. The merits and demerits of the sales tax will perhaps best be shown by examples taken from the tax systems of different countries.'

This is what Mr. Green says in his book, from which Mr. Ramakrishna Reddi read . . ."

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SIR FRANK BIRLEY :—" That extract would be appropriate, if it were intended to substitute the income-tax for the sales tax. But unfortunately, we have to pay both."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The particular portion referred to is also from an American book. The particular portion referred to the state of things in that country. Both the Federation and the States were taxing at that time; they are even now taxing. Both the Federation and the States are taxing the articles. The same man has to pay the Federation tax as well as the States tax. The income-tax also is to be paid by merchants; the sales tax also has to be paid by them. The tax is paid by different people. That is quite obvious also."

DR. SIR K. V. REDDI NAYUDU :—" May I know if the tax imposed by the Federation is sales tax? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It depends on the State. In some States, it is a Federation tax. In Canada the tax is a State tax. So far as the income-tax goes, the constitution there does not prevent the State levying income-tax also. That is the difference. In fact some passages of these books I went through yesterday, while references were being made to some other passages. It is better to have an income-tax and a turnover tax. *It is better that the tax should be evenly distributed.* It should not fall heavily on the man who is doing his business properly and is therefore making profit. It is wrong to tax that man and not to tax a negligent man who does business but does not make a profit. You must put your eggs in a number of baskets, so that if you break any of them, some of them might be left.

" Then, Sir, Mr. Ramakrishna Reddi gave me a proposal. He said if foodstuffs are to be saved, I shall support the Bill. When I actually asked him if that was a sporting offer, it seemed to me that he was withdrawing the same. However it is not a question of offer or sport. Let me deal with arguments. I do maintain that the particular men when they are consuming or taking their own foodstuffs, are exempted from this tax in a way. But hon. Members want to confuse the issue; they use the term foodstuffs broadly; they abuse the term and they want all foodstuffs to be exempted. They commit the mistake which I started with exposing and which they should not commit. It is this. I shall explain. The poor man in the village, the ryot, the cultivator, the poor rural citizen does not go to a big shop to buy foodstuffs. He goes to buy some things which are imported, certain articles which are not produced in the locality. He (or she) carries a basketful of some article which he has produced to be exchanged or to be sold and to buy other articles for the money that he gets for his produce. He does not purchase ordinary foodstuffs for his consumption. Therefore this tax does not fall upon such people in

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reality. Even assuming that poor people in the towns buy their foodstuffs, they will have to go only to the smaller shops and the incidence of the tax on the commodities will not be as heavy as hon. Members have described. Because, that particular shop will not pay the tax. May be; what has been paid on the wholesale, may have to be paid by this small shopkeeper also. The burden will be extremely light even in these cases. I can boldly say that the vast majority of our rural population do not buy such foodstuffs as will come under the operation of this tax. I do not say that this tax will not have any effect upon them at all. I shall presently admit and show how much effect it may have. I do not say it will have no effect at all. It will not be so high upon these people as hon. Members have tried to draw and paint in this House.

" There is another aspect of the matter to which I wanted to draw the attention of the House and it is this. Hon. Members in the name of the poor, in the name of food, under the good formula of foodstuffs, want all foodstuffs to be exempted from any tax under this measure. What is the meaning of that? It means that the man who wants to purchase the produce of other people's labour, will purchase it at a less price than he should pay for it. If I want to go to the bazaar and buy foodstuffs—rice, ragi, sugar—and eat everything that I want to eat and want to feed my guests with, myself sitting in my drawing-room earning salary out of all proportion to the labour that I do, am I to be free from any tax on foodstuffs? What is this formula with regard to foodstuffs? Men are apt to commit mistakes; men are apt to be misled by this formula. If you want to buy the produce of another man's labour, you must pay for it, and you must pay a tax also. That is what I say. But, if you want to use, if you can use your own foodstuffs, as most people in our country do, they need not buy and they need not pay this tax. It is only when you go to the sales' bazaar, when you go to a shop where labour is sold—it is not unfair to say so, in America slaves are sold—and when you buy other people's labour, that you pay the sales-tax whatever the commodity may be. That is the meaning of this Bill. Hon. Members bring forward a formula which only confuses ignorant people. That is why I state I do not accept the proposal that foodstuffs should be exempted as a whole. Foodstuffs' exemption will not help the producer. On the contrary, let me at once say, if we levy a tax on foodstuffs which are imported from one particular town to other countries and sold in our bazaars and if people want to buy foodstuffs which are sold, without labouring, without producing them, the price of foodstuffs goes up to some extent, not enormously. This little tax will not raise the price of the foodstuffs very much. It will rise to a certain extent. So, the man who produces his own foodstuff

and who does not want to buy it, will be better off to that extent. He will not be worse off at all. Therefore, Sir, the formula of exempting foodstuffs is very misleading. It is not commodities that we should be thinking about; it is the men that we should be thinking about. If we think in the terms of the man who wants to buy foodstuffs from the bazaar, there is no justification for his claim that he should be excused. There is every justification for claiming that the man who produces foodstuffs should be excused. That is what we are doing now. The man who purchases foodstuffs has to pay a little extra.

"The Leader of the Opposition read extracts from our manifesto, read extracts from the Karachi resolution and reiterated his claim on behalf of his particular constituents, the landowners of Tanjore. He said that these landowners should be allowed to pay a little less of land-tax than they have been hitherto paying. He backed up his plea by the fact that he put forward that most people who pay land revenue are small pattadars, people who themselves till the soil. Therefore exempt them, he said. Here again, does he make a sporting offer? Shall we exempt them? Shall we levy a tax on others?"

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"What I wanted to say is this; you made a promise; what have you done to give effect to that promise?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"So far as the Government are concerned, the promise must be weighed in the scales of justice and reason and should be given effect to. What is the promise? Read the terms of the promise. The promise cannot be written down in two lines. It can be briefly sketched in two lines when carrying the resolution in the Congress. The resolution cannot go into details as to who should be exempted and how much should be exempted. Such details cannot be laid down in the proposal. This is a common measure. I just want to point out that the same fallacy is committed throughout. On the back of the poor man, we want to be all of us rich. We want exemption in favour of the poor man because we want exemption in favour of the rich man . . ."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"If the Hon. Premier exempts the poor man by some formula, I will accept it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"That is a spirit which I am grateful for. Let me apply that principle. I want to apply that position here. It is the poor man's tax that I am thinking of. I am thinking of the tiller of the soil, the petty pattadar as well as the tiller of the soil. How can we reduce the tax on him? Is it enough merely to ask for it? Is it enough to

reiterate resolutions? Is it enough merely to ask for non-official days, when you can table a resolution on the subject? You must table a measure on official days, which will make this reduction possible. No use depending on non-official resolutions that will go only to the extent of blackening our character and that will not make it easier for us to carry out our promise. Resolutions are not intended merely to blacken the character of the Government. They should be intended to enable the Government to do something that they had promised. Here we are trying to reduce the land tax, the tax of those who till the soil, who grow their own paddy from the land. As I have pointed out already, first we have to remedy the grossest injustice, we must dispense with the Excise income of Rs. 4 crores. The people who pay this tax are very poor people who do not own any land, but who do labour and who are tired at the end of the day. I can sympathize with many anti-Prohibitionists better."

SRI B. NARAYANASWAMI NAYUDU :—" I do not sympathize with the drinkers."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is necessary for me to sympathize with the man who drinks. He labours hard the whole day and is tired at the end of it; he wants to forget his physical pain; he can get over it by parting with 6 pies. Liquor is necessary for him. 'It has food value,' people wrongly say. Make it 4 annas instead of 6 pies and take $3\frac{1}{2}$ annas to run our schools and hospitals, and to maintain our roads. That is
-30 the gravest injustice that we can possibly do to anyone, be he a
.m. teetotaller or a drunkard."

SRI B. NARAYANASWAMI NAYUDU :—" Question."

* THE HON. SRI C. RAJAGAPALACHARIAR :—" I say that that is the gravest injustice that is possible to be done by any Government; I repeat it, Sir.

" Books were read out; extracts from Dr. Green's book and Macy were read out. But I say, Sir, if these gentlemen had been asked by, and commissioned by, me to write about the rights and wrongs of this tax in our country on drink—not on the liquor tax as it obtains in America but on the liquor tax as it prevails in this country—I have sufficient faith in their honesty and their intellectual fairness that they would have condemned this tax outright and they would have said that this is wrong and that it ought to be made cheaper. Even though they be anti-Prohibitionists and pro-beveragists, they would have said, 'This is wrong; make it cheaper.' 'Toddy is available; if you cannot remove their troubles, let them at least have some physical relief from their fatigue. Why do you price it so high,' it will be asked

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'*if you believe in what you say?*' I do not believe in that. I do believe that it is bad even though it be made cheaper and I say it ought to be prohibited outright and not merely taxed."

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR:—"As we are meeting in the afternoon, Mr. President and as the Hon. the Premier said that he would be taking some time, would it not be better that we adjourn now?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I shall be finishing very soon. I am sorry I have to detain hon. Members but I cannot help it because the arguments of the other side have to be met."

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR:—"On the assumption that the Council will be rising at the usual hour, I have fixed an engagement with a friend, Sir."

MR. PRESIDENT:—"It would not take much time."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"If I do not refer to the arguments of the other side, I would be considered discourteous. If I did not reply to the points raised, it would be said that I did not deal fully with them because I had not listened to them. As I have to deal with all the points raised here, I have necessarily to take a little more time. I have to deal with the points as I feel about them and therefore, it may probably take a little more time.

"Reference was made to the burden on the poor people. I maintain that our poor people, our rural population mainly, will not be burdened. Their life is so ordered that they will not fall under this taxation in respect of such foodstuffs as they purchase necessarily for their existence. Even further than that there is the ten-thousand limit which saves them from it. That is why it was considered unnecessary to complicate it with a further measure of exemption with respect to all foodstuffs which would have the effect of exempting not only they but many of the trades of our country, which would have taken away many from the ambit of our taxation; and if we exempt foodstuffs and exports and everything and if we accept all that is said, there will be nothing but pain and irritation. There will be nothing more left by way of revenue. This is the impression that arguments from the other side have created in me. 'We agree to the sales tax; but see that it does not bring in any revenue, any decent revenue.' All the amendments proposed, all the arguments that have been advanced and all the suggestions that have been made come only to this. 'Alright since you are persistent and since you say Prohibition is there, we would not object to the sales tax. If you are so keen on it, bring it up in such a way that no decent revenue would be got from it.' I submit, Sir, that it is difficult for me to agree to that proposal.

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" Sir K. V. Reddi thought that the rate should be such that you may get only what you require during the half-year and you *may increase it later to suit your further requirements.* But I may tell the House, Sir, that this is not merely a Budget adjustment; it is more than that. As I have attempted to show, it is the first step in the re-adjustment of our tax burden and this first step cannot be taken without levying a tax and the tax cannot be levied in such a way as only to furnish revenue for a particular budget half-year without giving any more than that. These are difficulties which prevent us from adjusting the different principles together. The one principle is to tax as much as you require and to get as much revenue as you require and another is to do away with bad taxation and introduce good taxation which can take its place. I have already tried to show that in a full year we do not expect to get beyond the outer limit of a crore and a half and it does not go anywhere near the four crores that we shall have to give up and the amount involved in regard to grant of land revenue reduction. There is nothing extravagant in our proposals. Let me ask at once, ' Why is it that hon. Members imagine, if we are unable through the first six months to say how this would really work and what would be the full value that we would be getting to the Exchequer, that we shall not introduce prohibition in all the districts throughout the Presidency? What is there for hon. Members to imagine that we shall not be able at least to introduce it in all the inland districts if difficulties about coast line districts have to be encountered? ' There is nothing that prevents our doing it because we have been convinced that it is an enforceable measure and is a good measure and a measure that ought to be carried out in full.

" The Leader of the Opposition read article 7 of the Karachi Resolution that something should be done for relieving the burden of the tillers of the soil. He should also read Article 13 which speaks of the introduction of total prohibition of all intoxicating drugs except for medicinal purposes. Both have to be done. As regards the reduction of the burden of debt, we have done it though the hon. the Leader of the Opposition opposed it also. The whole of the Karachi resolution is there. We do say that it is not so easy to fulfil it straightaway. It is quite easy to say that we have not fulfilled it. But I say we have not fulfilled a very insignificant part of all that is contained in that manifesto though we have done a great deal and we have taken steps which will do more than what we have done hitherto.

" Mr. Samiappa Mudaliar made a good point; though he did not mention it directly, he said enough to make me understand that any taxation will indirectly have the effect of reducing the purchasing power of the people, that is to say, it will fall upon the people indirectly. If Sir Frank Birley has to pay a very heavy

income-tax, he would naturally adjust his business in such a way that the articles he sells will have a bit of it on it. Every tax in the world will no doubt ultimately affect everybody; it will affect the poorest also. That is admitted in all the text books. It is just like the sunshine going through to every nook and corner of the country even though we may have a roof over our heads. In the same manner taxation will affect everybody. It is true and in that limited sense this tax will affect the poorest sections of our people and that need not frighten us from having it. Has not drink affected everybody? It may not be that everybody is affected with regard to money and morals but in general peace and harmony of life and of social happiness, it affects everybody. To that extent will the tax affect everybody and nothing more. It affects everybody in the same way as everything in the world affects everybody. That cannot be an argument for us to put off what we have to do.

"I do not feel that at this stage, I shall take more time. I am glad that I have been able to cover much ground and we will have opportunities when the amendments are moved to further explain the points. I submit that there is good reason for taking this Bill into consideration."

The motion that the Bill be taken into consideration was put and carried.

The House then adjourned for lunch to meet again at 2-45 p.m.

After Lunch—2-45 p.m.

MR. PRESIDENT:—"The House will now take up the consideration of the Bill clause by clause."

Clause 2.

Sub-clause (*b*).

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"Mr. President, I beg to move the amendment that stands in my name, namely:—

'Omit *the words "buying or" occurring in line* 2.'

"Mr. President, the clause as it stands in the Bill does not exclude from the operation of the Act the agriculturists, when they sell the produce which they produce from their own lands. The word 'buying' will then cover agricultural goods as well. For example in the case of groundnuts when an agriculturist sells his goods to a person who happens to be a foreign trader, the latter will have to pay the tax under this measure, and naturally he will throw that tax on the price of the goods, and that means, he will reduce the price of the goods proportionately. Thus ultimately it is the agriculturist who will indirectly pay the tax. And that is why I want the words 'buying or' should be omitted. Obviously it is the intention of the

Government that the agriculturist should not be affected by this Bill. In fact owing to that attitude the agriculturist is grateful to the Government. But my fear is even though this Bill wants to save the agriculturist from the tax under this measure, really, the agriculturists will be indirectly paying the tax if the words I suggest to be deleted should be retained. Therefore, Sir, I move that the words 'buying or' be deleted in line 2."

SRI B. NARAYANASWAMI NAYUDU :—"I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR :—"Sir, mistaken impressions there are with reference to these words, perhaps genuinely entertained by some, and exaggerated by others; and I should like to remove them. The inclusion of the word 'buying' in this definition does not at all mean, as has been made in the other provisos, that the same transaction may be or is intended to be taxed both ways. That has been made quite clear. It has also been made quite clear that if a dealer who does a lot of buying in the course of his business also sells, he is not to be taxed at the next sale that he makes if he has borne the incidence of the tax calculated on a turnover basis and pays a tax of five rupees, so that not only the same transaction will be saved from any kind of double taxation on account of the definition but also the buyer-dealer will have the advantage of not paying any tax when he next sells in the chain of commerce in connexion with a commodity. Also it need not be imagined that this will be a promiscuously utilizabla provision. That is to say, supposing we take a trade in rice, it is not as if we deal with the sellers in one place and with buyers in another place, and things like that. It is a regular system of rules that will be made in respect of particular commodities or trades in such particular commodities. So it can be settled whether we go on the buying-basis or on the selling-basis. And this buying-basis will still be called in for utilization only in cases where the selling clause cannot be applied reasonably. That is to say, there are certain articles which are mainly the subject-matter of trade and commerce in this province in the way of buying for final export. There are certain articles which are sold to consumers in our own province. But as I said, there are articles which in the main are only bought for the purpose of final export; and it is only in such cases that this buying-scheme will be applied; so that it means it will not be applied promiscuously.

"The point particularly stressed by Mr. Ramakrishna Reddi is that the retention of the words would mean that the benefit we are intending to give to the agriculturist producer will be lost if we levy a tax on those who deal for purposes of export, who, as I said, will be taxed in a buying-scheme. If we make that exemption in the case of agriculturists the primary principle,

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then the argument would be correct. But an exemption is only an exemption. An exemption should not be erected into a primary and fundamental principle, and the rest of the Act brought to shape in consonance with that. The Act is the fundamental thing, taxation is the fundamental thing, and the exception is what follows next. We should not shape the Act so as to suit the exemption; we should shape the exemption so as to suit the Act, at the same time taking care that the exemption is not nullified.

"Then how is this done? I explained there are certain trades, which, so to say, deal in money-products, that is to say, products which are much more valuable in terms of money than other products, because of their export value. And hon. Members know that several acres of land have been converted to that kind of crop, instead of the ordinary food-crop. Hon. Members are aware that we can only deal with the different position created by the money-crop by some kind of taxation measure only. Many schemes have been considered with reference to revision of land revenue, and it has been found impossible to put any higher rate on money-crops. Therefore this is a feeble tax, if I may say so, put upon money-crops raised on our lands, and therefore there is nothing inequitable in a sales tax levied even in the case of products which may be called money-crops. Therefore it is, I say, that this proposal to remove the words 'buying or' would not be consistent with the objects and reasons of the Bill. A certain amount of taxation on them is necessary; to exempt all exports would be altogether wrong. It seems to me it is reasonable to have a small or a light levy on them, not a heavy one; and that is what is done now. This levy is considered light. If we do not have these words it would be open for a certain whole business, I say, entire business, to get out of the sales tax. It would be very easy for the whole organization of export traders to avoid all taxation whatsoever, if we do not have this definition as it is. Therefore, this is the justification for this treatment. Mr. Ramakrishna Reddi is perhaps a little pessimistic when he said the entire burden of taxation will fall on the agriculturists if these words are not removed. Well, Sir, there is sufficient competition in the market and in the trade for the adjustment to take place; and in many cases the burden will not fall on the producer. I do not believe that he is unaware of the shock-tactics prevailing in the purchase of produce in this trade. We all know how the middlemen deal with the producers. Whether we levy this tax or not we expect this kind of exploitation to go on. For this cannot be stopped without educating the country-side. They are all illiterate. So a light tax will not affect them much. Till this major difficulty of illiteracy and fraud are removed the position of the producers will not improve; and so, I submit, this

levy of half a per cent will make little difference to the producer. As I said, there are a number of harpies, I will call the middlemen so, who are harassing the poor producer, half-way to the market, dissuading him from taking his commodity to the market, declaring that there will be trouble with the Police and all that, producing a pair of false scales and cheating him of the commodity at a very cheap price. These are the practices that are employed by them, and hon. Members are quite aware of them. And even if this tax is levied he will certainly be able to bear it than the food-crop producer. These are the considerations that weigh with Government so that one-half of the whole business may not escape from the sales tax."

DR. SIR K. V. REDDI NAYUDU:—"I was told—whether it was in the Select Committee or in the other House, I don't know exactly where—the question was raised, whether the schedule under the Government of India Act gives power to levy tax only on sale of goods. The question was raised whether 'sale' includes 'buying' also. May I know how the difficulty was got over?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"Is the hon. Member raising any point of order?"

DR. SIR K. V. REDDI NAYUDU:—"I want to know how the legal difficulty was got over. I want to know what the ruling of the Speaker was."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I can say this: there is no legal difficulty in the matter. A legal difficulty was raised on the definition of the term 'sale', what a 'sale' is; and it was considered. It has been definitely provided that we do not want to reduplicate the tax, and that we do not want to make it in any manner inconsistent with the scheme of the Government of India Act. The schedule gives this Government power to tax transactions; and the actual incidence of the tax depends, whether it was at one stage or the other, on the nature of the commodity marketed and so on and not in the form of the transaction. It was not intended by the Government of India Act obviously that one class of transactions should altogether be saved from the sales tax, the buyer should not come under any other authority or jurisdiction, or the Government should tax one of the transactions in a different way; there is no distinction drawn between the two aspects of the same transactions and it is only when both the aspects join together that a transaction can take place. That was the legal analysis that was made. There was no legal difficulty as far as I could see, nor do I imagine that it is now raised. I understand that it is only a question."

SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"I have got one difficulty, Sir. I am speaking on the amendment . . ."

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MR. PRESIDENT :—" The hon. Member has no right to speak."

The amendment was put and lost.

Clause 2.

Sub-clause (*b*).

Explanation (1).

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" Sir, I move—

' Omit *the words " A co-operative society " in line* 1.'

" Sir, it is said that the Government have come to the conclusion that the economic life of the villagers can he increased only through the co-operative societies and for that purpose they have appointed a committee to suggest ways and means and to send their recommendations to them. I am told that even in that committee the suggestion was seriously put forward to have compulsory membership. I do not know how ultimately the Government will decide the matter. However, it cannot be said that the co-operative society is one which is out for profiteering like other merchants and any other people. Therefore I do not see any reason why it should be included in this. I hope that the Government will now accept this amendment. If they come across any serious violation by major co-operative societies then they can include them."

SRI B. NARAYANASWAMI NAYUDU :—" I second it, Sir."

* SRI T. A. RAMALINGAM CHETTIYAR :—" Sir, in the amendment that is proposed there is a misconception. What was asked by the co-operative societies in the Presidency is something very different from the amendment that is now proposed. There are several types of co-operative societies, some societies are producers' societies of agriculturists. They are called by various names, loans and sales societies and so on. What was asked by the co-operative societies generally is a general exemption and a special case was urged that these societies in which the agriculturists are members and where sale is effected on behalf of the agriculturists should be exempted. What the Government have said was that they would be exempted as a matter of course on either of the following two grounds: namely, either on the ground that they are agriculturists or on the ground that these co-operative societies are merely agents selling the goods of the agriculturists and no other goods. That was the argument that was used by the Government and on that basis the amendment proposed was dropped. What is now asked for is not with reference to these societies . . ."

SRI B. NARAYANASWAMI NAYUDU:—"May I know whether the hon. Member thinks that the Government's proposals are right in his opinion?"

* SRI T. A. RAMALINGAM CHETTIYAR:—"Oh, yes. That raises a bigger question. Unless other commission agents are going to be brought in under some provision or other, I suppose co-operative societies also will be exempt in the same way. That is a matter which will have to be examined with reference to commission agents generally. But any way, that is a different matter from what arises with reference to this amendment. This clause deals with what are called 'stores,' consumers' societies. These have no relation to producers' societies. I remember the Government were asked in general that all the co-operative societies may be exempted, but a special case was made out only for the producers' societies. With reference to that I mentioned what actually took place. So this amendment is a different sort of thing and the amendment that is now proposed will not meet the situation."

SRI B. NARAYANASWAMI NAYUDU:—"May I suggest that the exemption of co-operative societies for producers may be accepted on the side of the Government?"

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"May I ask the Hon. Prime Minister whether he endorses the views expressed by the Member from Coimbatore? In that case I will be willing to withdraw the amendment."

DR. SIR K. V. REDDI NAYUDU:—"Only as a matter of information, Sir. There is in the Madras City the Milk Supply Co-operative Society. If the turnover of that society exceeds Rs. 10,000 will that also be taxed?"

Several Hon. Members:—"Oh, yes."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The fact that a number of consumers combine themselves into a co-operative society should not, I submit, Sir, entitle them to any special privileges. The difference between a single consumer going and buying something from a producer, and a body of consumers buying at a favourable opportunity in the market and keeping them and selling among one another does not in my opinion entitle them to any particular facilities and exemptions. The producers' societies are wholly different and as Mr. Ramalingam Chettiyar explained, the producers' societies if they function merely on behalf of, and only for, the individual producer that is placed in their hands, however much they have taken advances and the like, would be merely agents and about that there is no doubt. The specific agency would be there and any sale by them, by the producers' societies, loan societies as they are called, would be a sale on behalf of a person who owned the property and they would be

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agents. If they mix up, it is a different matter. And so far as this amendment goes, I have already said the matter has been thoroughly discussed in Committee, as well as in the other House and I am only repeating what I have said there, namely, that the way in which we might help the consumers' societies or other co-operative societies or any form of co-operative movement would be by specific help of stipends and facilities otherwise given and not by giving exemption either from the normal incidence of business, trade or otherwise. For instance, registration fees, if ordinarily he wants to transfer his property or part of it, then a certain amount of registration fee if he becomes a member of a co-operative society; if he gets all these exemptions from all these laws, it would not he quite proper. It is a very untidy way of helping. We must help in the proper way and show that co-operation is good and that the co-operative movement is good by putting things on an equal level with the ordinary level of transactions and proving that co-operation confers benefits. But supposing we give exemption from some fees, we give exemption from railway charges, bus charges, from registration, from search certificates, from house rent, from everything, then we prove nothing to this world but show everything against the society when compared with an ordinary businessman. It will not help the co-operative movement at all. It is only by placing them on an equal footing with the rest of the business that we can prove to the peasantry in this country that co-operation is good. It can be done only by giving direct help where such help is necessary and not by giving indirect help and assistance in this manner and making the whole thing confused and not really showing to the ryots that it is good to become members of co-operative societies. That is the reason why mere co-operative societies as such should not be excluded from the operation of this Act.

"What Mr. Ramalingam Chettiyar said in principle is perfectly correct though I do not want the application of it to be confused because one party may differ from another. What he has said in principle is correct. If co-operative societies are formed by producers and they act only on behalf of individual producers and loans are given or advances are taken on the pledge of properties and the produce is sold afterwards, it will be sold by the society as agents on behalf of the producers; but on the other hand if these societies are conducted in the shape of first-class ryots who join together as co-operative societies it should not help them. I want at once to warn the Leader of the Opposition that there should be no mistake about it. If it is merely the agency, it is certainly saved by the other provisions of the Bill. I am sorry I cannot accept this amendment. It has already been discussed, as seen from what Mr. Ramalingam Chettiyar has said."

The amendment was put and lost.

Clause 2.

Sub-clause (*g*).

* MR. J. A. SALDANHA :—" Sir, I beg to move—

'Add *the words* " *except British Cochin* " after *the words* " *Province of Madras* " at the end.'

" I bring this amendment at the instance of the Cochin Municipality and the Cochin people who have already written . . ."

MR. PRESIDENT :—" Are you moving clause 2 (*g*) or (*e*)? "

MR. J. A. SALDANHA :—" It is a mistake, Sir. I am moving the amendment to clause 2, sub-clause (*e*). I move—

'Add the *following new sub-clause* after *sub-clause* (*e*), *namely* :—

" '*Order*' *means order made by the Provincial Government subject to the approval of both the Houses of the Legislature* ".'

" I have dwelt upon this point before. This is a taxation measure which is passed by both the Houses of the Legislature. Now Government seek to have some dictatorial power. Though they are accustomed to have it, we consider it a rather dangerous precedent. That order is like this. Under clause 33 of this Bill they seek to pass orders to remove any difficulty they like by order of the Government without being subject to any sort of discussion in the Legislative Chambers. That is giving too much of power to the Government. Therefore, I propose, Sir, that the orders passed by the Provincial Government should be subject to the approval of both the Houses of the Legislature. Any order that is mentioned must be that order which is passed by the Government subject to the approval of both the Houses of the Legislature. Therefore, I think, this amendment is a thing which is quite reasonable. Any order passed by Government based on the provisions of this Act which enables them, the Government, to pass an order to remove any difficulty that might be found in carrying out the provisions of this Act should be subject to some sort of control by the Legislature. I had already dwelt upon it. It is a very important thing that whatever power they might have had under the old laws, they should not be utilized in future and especially, as has been pointed out by more than one Member of this Council, this sort of legislative powers which the Executive seek is severely condemned in England. In the guise of a legislative power they actually seek to legislate in future without any . . ."

SRI T. A. RAMALINGAM CHETTIYAR :—" I rise to a point of order, Mr. President. This is not the place in which anything is said about the power or about the procedure that is to be followed in making the rules. That comes in clause 19 (4).

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Clause 19 (4) lays down how the rules ought to be framed. The present clause does not provide for the procedure to be followed."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Mr. Saldanha's proposition is that we should have a definition of the word 'order.' I think the only clause that he has in contemplation is clause 21 of the Bill in which the word 'order' occurs. If it occurs anywhere else in the Bill his definition that all administration should be conducted by resolution in both the Houses will be most dangerous. But if his motion is only directed towards clause 21 in moving this amendment, then, not as a point of order but as a piece of convenience I would suggest that this be moved as a proviso when clause 21 is taken rather than try it as a definition just now. I will not raise any technical objection." 3-1 p.m

MR. J. A. SALDANHA :—" I shall move this, if the Hon. the President will allow me, when clause 21 comes up for consideration."

MR. PRESIDENT :—" Mr. J. A. Saldanha again. Clause (*f*)."

MR. J. A. SALDANHA :—" I shall go to clause (*g*) at once, Sir."

MR. PRESIDENT :—" Hon. Member does not seem to know his own mind." (Laughter.) (An hon. Member : 'He knows his own mind.')

THE HON. SRI C. RAJAGOPALACHARIAR :—" I think Mr. Saldanha does not move his amendment to sub-clause (*f*)."

MR. PRESIDENT :—" If that is so, he may better move his amendment to sub-clause (*g*)."

MR. J. A. SALDANHA :—" Sub-clause (*g*) says that Province means the Province of Madras. I propose to add the words 'except British Cochin.' The reasons are these. British Cochin is a small tract of land at the opening of the harbour of the famous British Port Cochin. It is about one square mile."

SRI A. RANGASWAMI AYYANGAR :—" He is discussing the amendment with reference to clause 1."

MR. J. A. SALDANHA :—" I move my amendment to sub-clause (*g*), viz.,

> 'Add *the words* " *except British Cochin* " after *the words* " *Province of Madras* " *at the end* '."

THE HON. SRI C. RAJAGOPALACHARIAR :—" He is quite in order, Sir."

* MR. J. A. SALDANHA :—" Next to it is a port called Mattancheri. Mattancheri is what is called the Indian port of

Cochin. Mattancheri belongs to Cochin State. On the opposite side is Ernakulam and all round is the harbour of Cochin State. This is only a little piece at the entrance of the harbour called British Cochin having a small municipality. Cochin is flourishing and famous in the history of India. It was Cochin originally to which the Portugese came and established trade. It produced the first of Indian printing presses. It has its own historical traditions from old Hindu times. This British Cochin is going to lose its position, its prestige and prosperity in case this Bill is passed. It comes this way. There being a flourishing port next to it Ernakulam next door to Cochin State, besides Aleppey in Travancore close by, there is a natural temptation for the foreigners who have got branches there to divert their business to those places. This Bill, if it enforced, will be driving these merchants from British Cochin. British Cochin will then lose its importance. Thousands of people are employed by these firms in the shipping and doing other things also in their offices and factories. The result of the enforcing of this Bill practically would be to ruin the prosperity of Cochin. The firms will not be ruined. But it will ruin the prosperity of the people and will bring about unemployment or people will run away from the port of British Cochin to the port of Mattancheri or Ernakulam or Aleppey. Therefore on behalf of all these people I move this amendment that the town of British Cochin should be excluded.

"Now, Sir, naturally it will be asked 'In that way so many other ports of the Province will suffer.' That is my contention of course but they will suffer not to the extent that British Cochin will suffer. It will be difficult to exclude large ports like Mangalore which might suffer to some extent. But this place will suffer especially. The result of all these taxes that are being imposed will be practically to ruin this port. Already on account of the high taxes that are being imposed in British India, the town of Cochin is suffering. Indian States have not got these harassing additional taxes which our benign Congress Government is going to introduce. (Laughter.) Therefore I plead for this. I would not ask for the exemption of any other place than British Cochin and I hope it will be easy to grant this concession which the British Cochin people seek."

* SIR FRANK BIRLEY:—"I beg to second this amendment. I am doing so because my attention has been drawn to the fact that if this amendment is turned down—which I know it will be—I shall probably not be allowed to move my amendment to clause 1 because it is a similar amendment. That, Sir, is my reason for seconding this amendment.

"Mr. Saldanha has described to you the geographical situation of British Cochin *vis a vis* the States of Cochin and Travancore in which territories this Bill will not operate, and I need not

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explain to you at any length after Mr. Saldanha's speech the serious disabilities that this Bill will entail to the traders and dealers and merchants in British Cochin surrounded as they are by these two States which are quite close to them and in which the Act will not operate. In the first place the Cochin harbour through which the bulk of the business passes serves not only British Cochin but it also serves Mattancheri which is in Cochin State. The artificial island, Willingdon island, which has been recently created in the middle of Cochin harbour is also Cochin State territory and is not British Cochin. The inevitable result of the application of this Act to British Cochin will be that traders and merchants who have been living for centuries doing the business of exporters will have to move their places of business either to Mattancheri or Ernakulam and the inevitable result will be that British Cochin will lose the whole of the business that is there. This is the situation, Sir, and I hope Government will accept this amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, this is an amendment directed against one of the necessary evils of such legislation. At every border there would be a case of this kind. At all the borders there will be places where it may be profitable to some of the businessmen to move across the border over in order to escape the tax or in order to escape the competition consequent on this tax. It cannot be helped. Supposing we agree to this, another problem will arise not between the Cochin State and the British Province, but between that place which is now exempted and the next neighbouring place. If it is viewed at from the point of view of the man and not of the Government of which the man is a subject, it will be seen that apart from history and the sacredness of the soil to which Mr. Saldanha referred, whatever adjustment we may make there will be again a new border. The border between British Cochin and the rest of the British Province will be there creating the same difficulty. Certain merchants . . ."

* SIR FRANK BIRLEY :—" I submit, Sir, there is no analogy throughout the Presidency to the conditions which are prevailing and which will prevail on account of the harbour at Cochin."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" On account of the harbour at Cochin it is true that the situation may be important. But apart from that difference more or less similar situations will arise everywhere. It may be that big businesses may be involved in Cochin but the small businessmen in numerous numbers will be involved in a similar way at all the borders wherever it may be, either on the borders of the Nizam's Dominions, or on the borders of the Mysore State, or Travancore State or elsewhere and not only in British Cochin. It is a necessary evil as I submitted. But if on account of the harbour any

difference arises it is a subject which has to be examined later, Sir, and dealt with. As it is, it is quite possible, if not probable, that the situation is exaggerated, because there are many factors entering into this mobility of business. The mobility across the border is far too easily put forward in dealing with such proposals as taxation. There is the question of house tax; there is the question of property; there is the question of congestion in Mattancheri for instance and if all of them wanted to shift, where could they go? How much will it cost extra in order to move? All these things taken together we may perhaps find as a result that business has not proved so mobile as people picture it would become on account of this. It is therefore a matter of examination. I do not wish to dogmatize, but I submit that this should remain over for actually seeing and remedying if any contingency arises."

S. K. AHMED MEERAN SAHIB BAHADUR:—"On a point of information, Sir, does the Hon. Premier know the topography of British Cochin as it is situated? I want to know as a piece of information which will go a long way to make the difference about the border."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"There is always the difference, I know. I know the topography to some extent. But there is always a similar difficulty. I do not say it is exactly the same. There are similar difficulties. For instance in Pondicherry there are more difficult spots, the British creeks running into the French land. There are difficulties everywhere.
30 But, of course, the harbour is the chief point in reference to
n. Cochin."

S. K. AHMED MEERAN SAHIB BAHADUR:—"This is a point of land surrounded on all sides by Cochin."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"It is an island."

S. K. AHMED MEERAN SAHIB BAHADUR:—"Not only an island."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I think that in the case of Cochin it cannot be dogmatized straightaway. I would rather wish hon. Members to leave it open for consideration."

The amendment was put and lost.

MR. J. A. SALDANHA:—"Which amendment have I to move, Sir?"

MR. PRESIDENT:—"It is not the duty of the Chair to suggest which amendments hon. Members have to move. It is as a matter of courtesy that I am doing it."

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MR. J. A. SALDANHA :—" We are thankful for the courtesy, but we have received so many amendments."

MR. PRESIDENT :—" When hon. Members have given notice of so many amendments, hon. Members must take care to move them in their proper places. It is not the duty of the Chair."

SRI B. NARAYANASWAMI NAYUDU :—" May I submit that these amendments were received only yesterday? "

MR. PRESIDENT :—" The hon. Member has given notice of amendments long ago."

MR. J. A. SALDANHA :—" My point is this. I do not know what other amendments are coming up before my amendment."

MR. PRESIDENT :—" Hon. Member need not worry himself about other amendments that are coming. His own amendment, he must be prepared for."

Clause 2.

Sub-clause (i).

* MR. J. A. SALDANHA :—" I shall be more ready in future, Sir." (Laughter.)

" I move—

' Omit *the words* " *either bought by or* " *occurring in line* 2.' "

MR. PRESIDENT :—" It has been disposed of because the other amendment has been put and lost. The hon. Member need not move that."

THE HON. SRI C. RAJAGOPALACHARIAR :—" May I submit, Sir, that yet it is better that it is voted upon, because the two definitions are different. It is not exactly a point of order. It is possible for the Members to judge independently on this."

* MR. J. A. SALDANHA :—" I have got certain facts to place before the House and the Hon. the Prime Minister. It is that the addition of the words ' either bought by or ' will nullify the effect of the rest of the portion. I shall state what I mean by giving a concrete example. Now take the producer of coffee plantations. He produces coffee and he sells it to an agent and exports it through agents to Europe. Now that purchaser here is an agent of an European firm in London, who purchases it as an agent in India. Under this clause, the seller in the hope that he is exempted will say ' I am not at all liable to pay. I am only an agricultural producer of the land and so I am not liable ' and he sells in that hope. But the purchaser at once will be caught hold of. The Prime Minister has an ingenious device

to catch hold of these agriculturists and I congratulate the Prime Minister on devising such a method. The purchaser will say 'you have to pay because you are selling to the tune of 20,000 rupees.' Coffee plantations this year are so hard hit that they have not had any profits. Under this Bill he is taxed whether he gets income or not, whether he gets profit or not. This is an ingenious device. Practically what is given with one hand is taken away by the other hand. Besides that, it is *ultra vires*. The Government of India Act allows a tax on sales and not purchases. Therefore the purchaser cannot be taxed. So on legal and constitutional grounds, it is *ultra vires*, and also on the ground of justice. Therefore I move that the words 'either bought by or' should be omitted from this."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I have already explained the purpose and the scheme we have in view with regard to this. I need not repeat it. There is a difference between a dealer and the agriculturist who is contemplated for exemption in this particular provision. If that difference is kept in mind, it would be seen that we cannot remove the words which are sought to be removed by this amendment. It is not as if the same men will be taxed both ways, but we have to provide for both transactions in the definition and the provisos that follow this particular sub-clause would explain the whole thing most exhaustively. It occurs in the proviso to clause 3. The definition here would be inadequate to meet the definition of 'dealer' in the general scheme of the Act, if we do not have these words, which Mr. Saldanha wants to be removed. I do not raise a point of order, but in substance it has to be consistent with the scheme of the Act.

" With regard to the point raised by him that it is illegal, I may submit, Sir, that there is no point in it for it is confusion of ideas. To imagine that a sale can be divided into two parts and that one part of it is within the jurisdiction of the Province for taxation and other part of it is not within the jurisdiction of the Province is a legal attempt, which cannot possibly succeed. It is an attempt at legal ingenuity which cannot possibly be accepted by any school of jurisprudence. As a transaction it must have two parties. Any law or any powers relating to leases must cover both lessor and lessee; any power with relation to transfer of property, any law or power of taxation must cover both the alienor and the alienee, and the fact that sale of goods is executed between two parties and that it is not a unilateral transaction must be obvious especially to an ex-Judge like Mr. Saldanha. Therefore I do not think there is any point in the legal argument.

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"But apart from that, is there any merit in what he is suggesting? That is the only thing to be considered in an amendment to this turnover business. I think I have already explained the reasons why the words cannot be dropped. But let it be once again understood clearly that it is not intended to nullify any concession that is really sought to be given to agriculturists as such. To apply the agriculturists' exemption to dealers in coffee and dealers in money-products of that kind would be wholly wrong and what is not intended. While we are really going to get within the ambit of this measure sales of foodstuffs, there is no reason whatsoever to take away from this measure the sales of goods in money-products like coffee and the like, which are sold for good prices and exported. There are difficulties in the coffee business, I admit. This half per cent will not affect one way or the other. These difficulties will have to be removed by other processes and remedies altogether and not by exempting them altogether from this General Sales Tax."

MR. J. A. SALDANHA:—"In the Tobacco Sales Taxation Act, the term 'turnover' is confined only to sales. May I enquire why this distinction is made?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I shall explain. Because in the case of Tobacco Tax, after it was definitely restricted to manufactured goods, there is no object in keeping the other side of the picture. Here it is a matter of export commodities and commodities of internal trade. Therefore there was no necessity in the case of manufactured tobacco. It is essentially an internal trade in goods of that kind and therefore there is no necessity to bring in buying at all. Here buying has to be brought in. Real mercantile transactions take place with regard to certain products."

The amendment was put and lost.

* MR. J. A. SALDANHA:—"Sir, I move— 3-p.m.

'Omit *the words "grown by himself or grown on any land in which he has an interest whether as owner, usufructuary mortgagee, tenant or otherwise".*'

My object in moving this amendment is to exclude from the operation of this Act all agricultural and horticultural produce until they are converted into flour, etc. If this is not done there will be rise in price of food-stuffs of the majority of the population in the Province. With all the sympathy shown to the poor people by both sides of the House, the poor consumer in the land will be compelled to pay more for his food-stuffs."

SRI B. NARAYANASWAMI NAYUDU:—"I second the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" This amendment, Sir, is an illustration of what I stated previously. Mr. Saldanha will not let us have a sales tax without any tax coming to us. This will exclude everything possible from taxation. I cannot, I regret, accept it."

The amendment was put and lost.

* MR. J. A. SALDANHA:—" Sir, I beg to move—

'Add *after the words* " *on any land* " *in line* 7, *the words* " *situated within or without this Province* ".'

" What I want to press upon the attention of the House by this amendment is this: Grains come into this Province from other Provinces and from the States of Mysore and Travancore. The question arises whether these products should be subject to the operation of this Act. If a merchant has a horticultural plantation at Cochin and he imports rice from Cochin to Malabar and sells it, the question is whether such products are liable to taxation. I propose that they should not be liable to taxation because they are the produce from his land which he owns in an Indian State."

SRI B. NARAYANASWAMI NAYUDU:—" I second the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, whether by mistake or otherwise, this explanation was not thought of. As it stands the clause may be helpful to Mr. Saldanha for the object he has in view. It is therefore better that he leaves the clause as it is without making this amendment. If at all any change is proper, it should be done by putting in the words 'within the Province' after the word 'land'. But, as it stands, I am afraid he will have the exemption even without the amendment. I do not think he should press this amendment."

MR. J. A. SALDANHA:—" I do not press the amendment, although I do not think that all officers concerned will take the same view as the Premier in regard to this matter."

The amendment was, by leave, withdrawn.

* SIR FRANK BIRLEY:—" I move, Sir—

'*After Explanation* (*iii*) insert *the following as Explanation* (*iv*):—

" (*iv*) *the amount of any bad debt incurred by a dealer shall not be included in his turnover; provided that when any debt which has been written off as bad, or any part thereof, is subsequently recovered by a dealer, such part thereof as is recovered shall be included in the dealer's turnover in the year of recovery* ".'

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" Sir, in case there is any misapprehension in the minds of non-commercial Members of this House about the existence of this bogey about which I am concerned in this amendment, I should like to state that in a fairly long life spent in commercial pursuits, I have never known a case in which the business in which I have been interested has not been free from bad debts. Credit in business is not a modern development, nor is it confined only to big business. Throughout the centuries, labour, services and goods have been supplied on credit terms and it is a natural corollary of the system that here and there should be individuals or companies who fail to meet their dues. Some of these debtors who cannot pay are perfectly honourable people and are victims of circumstances. Others are dishonest, frankly dishonest. In this connexion I may tell you a small story. A man on the Yarn Exchange in Manchester said one morning to his friend 'Well, John, how is business?' 'Business is so bad that even the buyers who do not intend to pay have stopped buying' he replied. (Laughter.) Business can never be worse than that! The point I wish to make is that it is impossible to run any business without incurring bad debts, and it is inequitable that the Government should expect a man to pay tax on sums that he never received or will never receive. Before I close I should like to suggest that perhaps it is the intention of the Government to take care of this requirement of the Act in the rules. Perhaps, if the Hon. the Prime Minister will give this House some assurance on that matter, I should be quite willing to withdraw any amendment."

MR. J. A. SALDANHA :—" I second the amendment."

SRI B. NARAYANASWAMI NAYUDU :—" Mr. President, may I request the hon. Member, Dr. Thomas, for the Government side to state in how many countries where general sales taxes have been introduced, this provision for bad debts has not been included in the Act? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Before I reply, Sir, I would like to know whether any hon. Member can throw any light on this point? "

SRI B. NARAYANASWAMI NAYUDU :—" With regard to this particular provision I would like to know how the other countries have dealt with it. Are the Government adopting the policies of other countries or have they got a programme of their own? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The hon. Mover perhaps would be able to throw light on this point raised by Mr. B. Narayanaswami Nayudu."

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* SIR FRANK BIRLEY :—" I am sorry I have no definite information. But I should think on the face of it that it would be a very logical thing to find exemption for bad debts in the Sales Tax Acts of other countries."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I shall try to explain how it is impossible. Much as we sympathize with the claim on the merits, it is not by exemption that we can at all deal with it, and I shall say why. This is not a tax on income. If it were a tax on profit or income, we will have to take the entire losses and profits and make the calculation. If in a year the bad debts are written off, there would be found so much loss. But this is a tax on the turnover. Turnover is calculated on some basis. For instance if it is for the year 1939, we calculate the turnover of 1938 or 1939. We take a particular year's turnover. Now, any bad debt cannot be called a bad debt or written off unless it has gone through a certain number of years. The minimum would be two or three years. It cannot be more. Now, in the turnover of that year, it would be impossible to meet the bad debts. The bad debts would belong to a wholly different year. The turnover of the year that we are taking for the purpose of assessment would be just the previous year's, if not, the same years's. It would be impossible to say, out of that turnover, that these are bad debts.

" Now, what is the amendment itself? The impossibility of applying this principle will be obvious even in the language of the amendment. What is the language of the amendment? Sir Frank says that the amount of any bad debt incurred by a dealer shall not be included in the turnover. It would not apply. I am sure he is sufficient master of the language to see that what he says is not logical. He will have to say ' Credit will be given to the dealer up to the amount of bad debts written off by a dealer in any particular year.' It is a complicated process. It is not possible to calculate the turnover and allow for bad debts for a year which is so recent as fit to be taken for calculating the turnover and yet the bad debts have not proved themselves to be bad debts. So that what do we come to? At the end of a certain number of years, the bad debts in the turnover prove themselves to be bad. But the turnover has already been calculated several years ago and already paid for."

SIR FRANK BIRLEY :—" Cannot a rebate be given? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Then questions would arise as to how far we should go into these matters in seeing when the bad debts are repaid, and at the time when they are repaid whether the business belongs to one particular person

or another. To attempt to find out all these things would create numerous difficulties. The whole argument I put forward is this; this is a question of trade and commerce and it cannot be taken into account in this direct form and it can only be taken into account by assessing the total amount of turnover. So this cannot be directly provided for. This was the reason urged when this motion was moved in the other House and argued upon. I repeat the same argument now. This would be a very good thing in an Income Tax enactment. But it cannot be provided for in a turnover tax measure. That is why it is not possible to get precedents for this in the taxation measures of other countries. But I cannot be dogmatic. If it is found that this provision exists anywhere else, Government will be able to copy it. I submit that this matter may be left at this, in view of the fact that any equitable arrangement that is possible might be made."

SIR FRANK BIRLEY:—" I shall be glad to withdraw the amendment."

The amendment was, by leave, withdrawn.

Clause 2 was put and carried.

Clause 3.

Sub-clause (1).

SIR FRANK BIRLEY:—" I beg to move the amendments that stand in my name as follows:—

Sub-clause (1) (*a*).

'*For* the words " five rupees per month " *substitute* the words " Rs. 2-8-0 a month ".'

Sub-clause (1) (*b*).

'*For* the words " one-half of one per cent " *substitute* the words " one-quarter of one per cent ".' "

SRI B. NARAYANASWAMI NAYUDU:—" My submission is, there is also another amendment for the reduction of one-half of one per cent into one-eighth of one per cent."

MR. PRESIDENT:—" Yes. "

* SIR FRANK BIRLEY:—" Hon. Members in another place during the course of the discussion on this Bill argued the case for a reduction of this tax and I have read the innumerable speeches of Hon. the Premier to the effect that the rate will not be reduced,

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because it will not be reduced (laughter). And this is the most unanswerable of all arguments. On the basis of the rate that is fixed in this Bill it will produce a revenue in excess of the amount required by the Government during the current financial year. In view of the number of times that Mr. Narayanaswami Nayudu used arguments for the reduction of the tax, I propose to spare the House of the agony of hearing the same arguments again and again. Because that has been experience of the Hon. the Minister during the last few days and perhaps he will feel that I am wasting the time of the House in bringing forward this amendment and because I feel he will not move from the attitude he has taken up with regard to this, I do not propose to speak much upon this amendment. But I have the interests and the wishes of my constituency to consider. However desperate my case may be, I am making this one more appeal in the hope that the cumulative effect of all the appeals that have been made might soften his heart and thus make him accept the amendment."

MR. J. A. SALDANHA:—" I second the amendments."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIAR:—" I beg to move the amendment which stands in my name as follows:—

> '*In Clause* 3 (1) (*b*) for *the words* " *one-half of one per cent* " substitute *the words* " *one-eighth of one per cent* ".'

" After the speech that has been made by the hon. Member, Sir Frank Birley, I do not want to inflict any lengthy speech on the House. I only want to put one aspect of the case to the Hon. the Premier. This morning the Hon. the Premier seriously asked whether this House would be agreeable to give him *carte blanche* which was given to the Premier in Bombay by the Bombay Government. . ."

MR. PRESIDENT:—" That amendment is not now before the House."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" I am referring to the question of rate. Sir, I am perfectly willing to give the *carte blanche* to the Hon. Premier provided he restricts the tax to those articles mentioned in that Act."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I would gladly do so if I become the Prime Minister of Bombay and had control of the various articles in Bombay."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" Very well, Sir. Under the Bombay Act only two articles are to be taxed while here almost all the articles are to be taxed. Further

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the rate of tax sought to be levied in this all comprehensive measure is, in my opinion, excessive. I therefore commend my amendment for the acceptance of the House."

SRI B. NARAYANASWAMI NAYUDU:—" I beg to second it. Sir, in supporting the amendment I wish to say a few words. I have reiterated the question as to how much amount is required for this year, and what are the items of their programme on which money is going to be spent. I have not reiterated my request for furnishing me information on some useless and technical details. The only thing that I wanted was the number of items of their programme. I am glad that at least this morning I got some information. Prohibition is the first charge of the Government. Education is their second charge, and thirdly the land development colonization business and all those things, and probably some readjustment with regard to land-tax, the last of which has been left somewhere. I am not quarrelling with it either. I am only stating that the question of carrying out the programmes of different parties does not rest merely with the policy of Prohibition, and things of that sort and that each party is wedded to all these items in some form or another. The question that should be tackled is 'Which is first'; 'Which is second'; and 'which is the third'. Every party in the world would say that it has different items of programme to be put into effect in the country. But the difference that should be taken into account in considering the different items of their programme is which of them is ameliorative work and which is not. So the way of approach to the different items of programme of a party is the fundamental difference between party and party.

"The approach of the Congress party is first Prohibition. Probably the second is education and so on. I do not say anything so far as their different items of programme are concerned. The programme of our party is, whether Prohibition or no Prohibition, there should be first taxation relief. Therefore whenever we reiterate this it must be understood that the first aim of our party is to give relief in taxation, whether the policy of Prohibition can be given effect to or not. So, that is the fundamental difference between our party and the Congress party. So if we say that what the Government are doing is not the correct thing, because they are increasing the taxation, then it does not mean that we are blackening them. It is really laying emphasis on that item of the programme which we wish to carry out. It does not mean that we are blackening the Government. It is only a fact which we are saying. There is no use of complaining against this. Nor is there any use of the Government saying that they want to give effect to their Prohibition policy and therefore they impose this sales tax. What was their Karachi programme? The 'Justice' party too has got all the items referred to in the Karachi

programme. We ask, 'Which are you going to give effect to now?' 'Which are the things on which you are laying emphasis?' That is the thing we ask. By all means hoard up 2 crores of rupees before the beginning of next year and introduce Prohibition. I am not quarrelling with it. The items of programme, the methods followed for achieving those items of programme and the priority which is to be given to the different items of programme, according to their importance, are the real differences between party and party and therefore it is that that we are pointing out here, that what the Government are doing is wrong.

" Sir, apart from the above, there is this point, viz., that the rate of sales tax that is proposed is very high. That is a fundamental difference between the Hon. Premier and ourselves. So he cannot expect any support from us on that point. But what I say is—I am perfectly entitled to say that—whatever may be the consequences of this tax, whether you tack it on with the policy of Prohibition that you want to give effect to or not, I still maintain that a general sales tax is the worst form of taxation. I give this illustration: Supposing there are two villages, in one of which there are factions among the villagers and the cattle of the village can go astray into the fields without any control whatsoever, and in another there is control and cattle will not be allowed to go into pasture fields as they please; may I tell you that the village in which the cattle are let loose will be less happy and less prosperous than the other village in which there is some control. This General Sales Tax measure is like letting loose all the cattle to go astray as they please. You want to draw anything and everything under the grip of this taxation. This will lead all traders and businessmen to a sense of depression and a sense of insecurity. If you have some control in the village and if cattle are not let loose, and if the area to which these cattle could go is restricted, there will at least be some spots in the villages which will be protected. But if you impose on every kind of article this sales tax, then it will be really Pindari business. At least restrict the thing. At least, I say, 'Do not let the bulls; let the calves wander in the grazing area; then the ryots will be happy, and the whole country will be happy; and then you can think of letting loose the bulls also'. Therefore I submit that these amendments must receive the entire support of the House."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" If you permit me to say, Sir, we had a study in contrast so to say, between the form in which Sir Frank Birley put his case and the form in which Mr. Narayanaswami Nayudu has chosen to put the same case. I was almost feeling taken off my feet when

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Sir Frank Birley put the case and made an experiment, so to say, in the fine art of persuasion. But I felt relieved when Mr. Narayanaswami Nayudu came with his arguments. I felt relieved because the manner in which he tackled the subject made me feel that I am not after all so wicked as I thought I was when Sir Frank Birley spoke."

SIR FRANK BIRLEY:—" May I ask the Hon. the Prime Minister whether, if Mr. Narayanaswami Nayudu withdraws his speech, he will consider the matter in the light of my speech only?" (Laughter.)

* THE HON. SRI C. RAJAGOPALACHARIAR:—" We are all children of nature and what has been done cannot be undone. That is a law of nature in which we Hindus believe, and it is very, very hard to get over it. What has been done has been done. Leaving that apart, I do not propose that the issue in any matter should depend upon any feelings of this kind. I was only thinking aloud. I was trying to place before the House exactly what I felt. It is better to take the House into complete confidence at every stage of the matter, if for no other purpose, at least so that we may understand one another better. It is in that sense I referred to what Mr. Narayanaswami Nayudu said. He reverts to the general questions. He says that this general sales tax is bad and that a selective tax should be put. I differ entirely from him in that. He is in favour of a particular tax which will fall heavily on particular people. I am entirely inclined to go against it, because I am fed up, if I may say so, with the taxes on particular groups of people bearing very, very heavily on some people and relieving other people of their natural and just burdens. I am so fed up that I dread even selective taxes. And in our country I dread it greatly because no stick is considered too bad to beat us with. Whatever we may do, however justly we may select commodities, a case will be made out that we have discriminated in favour of one and against another. I do not wish to launch upon any such adventure. On that essential principle I differ from Mr. Narayanaswami Nayudu. There is no use in reiterating the selective tax principle. I can face the danger of a selective tax to some extent but not as a general policy at all.

" I come now to what Sir Frank Birley says. He says that there is no use offering any new arguments and he appeals so to say to my sense of terror. He wants to make me feel that perhaps I am wrong and that was why so many people are trying so hard to change me. They have almost given up the game, because I have been so obstinate. They leave it entirely to my own judgment. Sir, I and my judgment are alone together. Man

is afraid to be alone. He leaves me with a sense of terror. I admit that. But, Sir, I must, speaking on behalf of the Government, say that nothing is final in this world and what we have done is worth trying. It is only in that sense that I answer and in the same spirit in which Sir Frank Birley has moved his amendment. It is only a request that we may be allowed to try this. If we go wrong nothing will prevent us from retracing our steps."

MR. PRESIDENT:—"Is Mr. Saldanha going to move his amendment?"

MR. J. A. SALDANHA:—"No, Sir, I am not moving."

MR. PRESIDENT:—"I will now put the amendments to the vote of the House. The question is—

'For *the words* "*five rupees per month*" *in sub-clause* 3 (1) (*a*) substitute *the words* "Rs. 2-8-0 *a month*".'"

The amendment was put and declared lost.

A poll was demanded and the House divided thus:

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 ,, B. Narayanaswami Nayudu.
3 Abdul Wahab Sahib Bahadur.
4 Sri Rao Bahadur M. Ramakrishna Reddi.
5 S. K. Ahmed Meeran Sahib Bahadur.
6 Sir Frank Birley.
7 M. D. Kumaraswami Mudaliyar.
8 Dr. Sir K. V. Reddi Nayudu.
9 Sri Rao Bahadur M. Raman.
10 Mr. J. A. Saldanha.

Noes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 ,, K. Madhava Menon.
4 ,, V. V. Jogayya.
5 ,, R. Srinivasa Ayyangar.
6 ,, A. Rangaswami Ayyangar.
7 ,, K. V. Srinivasa Ayyangar.
8 ,, N. Sankara Reddi.
9 ,, V Vasantha Rao.
10 ,, S. A. S. Rm. Ramanatham Chettiyar.
11 ,, M. Narayana Rao.
12 ,, M. Narayana Menon.
13 ,, K. Venkataswami Nayudu.
14 Sri T. A. Ramalingam Chettiyar.
15 ,, T. C. Srinivasa Ayyangar.
16 ,, D. Sriramamurti.
17 ,, V. Ganga Raju.
18 ,, L. Subba Rao.
19 ,, P. Veerabhadraswami.
20 ,, K. P. Mallikarjunudu.
21 ,, N. Venkatachalamaji.
22 ,, C. Perumalswami Reddiyar.
23 ,, K. S. Sivasubramanya Ayyar.
24 ,, S K. Satagopa Mudaliyar.
25 Sir Mahomed Usman Sahib Bahadur.
26 Dr. P. J. Thomas.

Ayes 10. *Noes* 26.

The amendment was lost.

MR. PRESIDENT:—"The question is—

'*In clause 3, sub-clause* (1) (*b*), for *the words* "*one half of one per cent*" substitute *the words* "*one eighth of one per cent*".'"

The amendment was put and declared lost.

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A poll was demanded and the House divided thus:

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 Sri B. Narayanaswami Nayudu.
3 Abdul Wahab Sahib Bahadur.
4 Sri Rao Bahadur M. Ramakrishna Reddi.
5 S. K. Ahmed Meeran Sahib Bahadur.
6 Mrs. M. Hensman.
7 Sir Frank Birley.
8 Sri M. D. Kumaraswami Mudaliyar.
9 Dr. Sir K. V. Reddi Nayudu.
10 Sri Rao Bahadur M. Raman.
11 Mr. J. A. Saldanha.

Noes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 „ K. Madhava Menon.
4 „ V. V. Jogayya.
5 „ R. Srinivasa Ayyangar.
6 „ A. Rangaswami Ayyangar.
7 „ K. V. Srinivasa Ayyangar.
8 „ N. Sankara Reddi.
9 „ V. Vasantha Rao.
10 „ S. A. S. Rm. Ramanatham Chettiyar.
11 „ M. Narayana Rao.
12 „ M. Narayana Menon.
13 „ K. Venkataswami Nayudu.
14 Sri T. A. Ramalingam Chettiyar.
15 „ T. C. Srinivasa Ayyangar.
16 „ D. Sriramamurti.
17 „ V. Ganga Raju.
18 „ L. Subba Rao.
19 „ P. Veerabhadraswami.
20 „ K. P. Mallikarjundu.
21 „ N. Venkatachalamaji.
22 „ C. Perumalswami Reddiyar.
23 „ K. S. Sivasubrahmanya Ayyar.
24 „ S. K. Satagopa Mudaliyar.
25 Sir Mahomed Usman Sahib Bahadur.
26 Dr. P. J. Thomas.

Ayes 11. *Noes* 26.

The amendment was lost.

MR. PRESIDENT:—" The question is—

' *In clause* 3, *sub-clause* (1), (*b*), for *the words* " *one-half of one per cent* " substitute *the words* " *one quarter of one per cent* ".' "

The amendment was put and lost.

MR. PRESIDENT: —" Mr. Saldanha."

MR. J. A. SALDANHA:—" My amendment is to omit the proviso to clause 3. As there has been a vote already on the question in connexion with the definition clause, I do not propose to move this amendment."

S. K. AHMED MEERAN SAHIB BAHADUR:—" Sir, I have given notice of a verbal amendment that will make the meaning clear. If the Hon. the Premier agrees, well and good. If not, I will not press it."

MR. PRESIDENT:—" The hon. Member may first of all move the amendment."

S. K. AHMED MEERAN SAHIB BAHADUR:—" I beg to move, Sir—

'*In the second proviso to clause* 3 (1), for *the words* " *the same* " *occurring in line* 1, substitute *the word* " *any* " *and* omit *the words* " *shall be taxed thereon* " *in line* 5.'

" These words are unnecessary because the earlier portion makes the meaning clear without these words. 'In respect of the same transaction' may mean sometimes as if there are two transactions. But the object is to refer to one and the same transaction, that is to say, in one and the same transaction both the buyer and the seller shall not both be taxed. That idea is intended to be conveyed by the word 'same'. With regard to the other amendment, I submit that the words 'shall be taxed thereon' are unnecessary and the meaning is quite clear without those words. The proviso as amended by me will read thus:

'Provided further (1) that in respect of any transaction of sale, the buyer and the seller shall not both be taxed, but only one of them, as shall be determined by the rules made on this behalf under sub-section (2), . . ."

SRI B. NARAYANASWAMI NAYUDU:—" I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I quite admit, Sir, that as reshaped, as Mr. Meeran Sahib proposes, there will be no harm; but I do not think that I have heard any arguments from him to show that the existing words lead to any harm or any ambiguity or difficulty. So, it is wholly unnecessary to my mind. If it had been shown that the words as they stand now would lead to any difficulty or any ambiguity, I can understand making this amendment; but it is neither un-English nor is there any ambiguity in the phrasing as the provision stands in the Bill. So, I do not think we need complicate the position by merely accepting verbal changes."

S. K. AHMED MEERAN SAHIB BAHADUR:—" I withdraw the amendment, Sir."

The amendment was, by leave, withdrawn.

Sub-clause (2)—Proviso.

* MR. J. A. SALDANHA:—" I move, Sir—

'For *the words* " *a resolution of the Legislative Assembly* " substitute *the words* " *resolutions of both the Houses of the Legislature, the difference of opinion being determined by a joint session of both the Houses* ".'

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Sir, this amendment does not require much in the shape of a speech from me, because I have dwelt on it during the opening debates in regard to this Bill and also in connexion with the Tobacco Bill. It is not fair to make the Assembly the supreme authority for the carrying out of changes in the rates or in the turnover and other matters, giving no consideration for the voice of this House. As both the Houses are equally interested in such matters, this House has got a right to have a voice in the changes, as it has got a right now to pass this Bill. Any changes to be brought about in regard to rates or turnover are equally the concern of both the Houses of the Legislature. A point was raised by the Hon. the Premier the other day as to what could be done in case there was a difference of opinion. One way of settling it would he by having a joint session of both the Houses, and the majority of votes will naturally carry the day. That could be easily done by a joint session, especially as both of them are going to be in the same building hereafter and they can easily exchange ideas; members can meet together in the same hall, and it will be easy to bring about an agreement. I think it is only fair that we should have a joint meeting in such cases. The Hon. the Premier will find that it is the concern of both the Houses to have these changes made, instead of being dependent exclusively on the wishes of the Lower House. I hope, Sir, therefore that my amendment will be accepted."

SRI B. NARAYANASWAMI NAYUDU:—"I beg to second the amendment. Yesterday, a constitutional difficulty was raised by *the Hon. the Prime Minister to the effect that there is provision* in the Government of India Act with regard to the holding of a joint session on Bills, but not with regard to joint session on resolutions; but I submit that this House and the other House can make a provision in this Act itself that a difference of opinion in regard to resolutions can be settled by a joint session, even as it is the case in regard to Bills. I suppose, therefore, there will be no constitutional difficulty in getting every difference of opinion settled, whenever such difference of opinion arises."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, in spite of the explanation given by Mr. Narayanaswami Nayudu, I am still unable to feel that there is no constitutional difficulty. But before I go to that, let me explain the exact position with regard to this amendment. The proviso which is sought to be amended is not a proviso that gives the Government any power to change anything. It simply provides for a necessary step to be taken by the Executive Government, as distinguished from the Legislature. Unless that step is taken, the Act cannot be worked at all. And apart from the step to be determined, rules have to be made for that purpose. Therefore, we start with this position that a necessary step has to be done. If we provide in law for this by which

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a step may not be taken at all, then the whole thing is held up. Now, in the light of what I have said just now, we should examine the constitutional position. If it is laid down here that this should be determined by both the Houses, and if there is a difference of opinion, by a joint session, and if there is no provision by which a joint session may be called, then it would follow that the Act itself would be held up. It is a necessary step for working the Act that has to be filled up, not merely changed. If it were a power to change by having an additional rule, we could as well remain where we were before we tried to make the rule; but that could not be done here. Now then, it becomes important to see whether the constitutional difficulty I have pointed out is real or not. It is quite true that by a law passed by these two Houses, it can be laid down that a resolution of both the Houses is necessary for a certain thing; but if the two Houses differ, this House cannot lay down the law nor can the other House do it separately. The two Houses must agree together; and when there is a difference of opinion, there must be a joint sitting. Can we lay down a law now by which we can say as to who should preside over the joint session? Or can it be laid down by us as a rule? No. It is only under the constitution that we can provide for the procedure of a joint session. It is impossible, in my humble opinion, to provide any procedure for a joint session by a Bill of our own House or a Bill passed by both the Houses even. Therefore, it is a real difficulty. That difficulty being there, it is a matter which must remain as it is, till there is a new provision made generally for joint sessions in all cases where there may be difference of opinion. But, as I have pointed out, we have to do something here necessarily, and we cannot get blocked up in a difficulty like this. Hence, Sir, I am unable to feel that there is no constitutional difficulty in the matter, and I would ask the hon. Member to consider this and not press his amendment. Or, if the hon. Member presses, it may be put to vote."

* MR. J. A. SALDANHA :—" Whether there is a provision for joint session or not is the question. I say there is a provision for joint session."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" But not for resolutions; only in the case of Bills."

* MR. J. A. SALDANHA :—" A statute can very well provide for such a thing. I do not see any reason why we should not."

MR. PRESIDENT :—" Is the hon. Member withdrawing his amendment? "

* MR. J. A. SALDANHA :—" Not at all."

The amendment was put and lost.

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Sub-clause (3).

* SIR FRANK BIRLEY :—" Mr. President, Sir, I beg to move the amendment that stands in my name—

'*In clause* 3, *sub-clause* (3), substitute *a colon* for *the fullstop at the end and* add *the following* :—

" *Provided that if it is shown that the turnover of such dealer is greater or less than the amount at which it was so fixed, the tax paid by him on the basis of such assessment shall be adjusted by an additional payment or by a refund as the case may be* ".'

It seems to me, Sir, that this is a point which must be dealt with and it is conceivable that Government have decided that it shall be dealt with in the rules; but it is so obviously fundamental that one would have thought that it would be preferable from the point of view of the Government to make it clear in the Bill. It deals with an adjustment which is so patently equitable that I would be prepared to withdraw this amendment if the Hon. the Prime Minister would give this House an assurance that suitable provision will be made in the rules for the adjustment of actual turnover when the actual turnover is known."

The amendment was duly seconded.

THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, this was exactly the understanding, Sir, under which we accepted the proviso. There is really no necessity for enlarging on it. I have no doubt that it can be the only basis, and I am ready to give the same assurance that was asked for by Sir Frank Birley, as it was given in the other House."

SIR FRANK BIRLEY :—" I thank the Hon. the Prime Minister for the kind assurance, and I withdraw the amendment."

The amendment was, by leave, withdrawn.

Clause 3 was put and carried.

Clause 4 was put and carried.

Clause 5.

S. K. AHMED MEERAN SAHIB BAHADUR :—" Sir, with regard to this clause, I have given notice of three amendments. I shall move them all one after another, to make the meaning clear. I shall now take up only the first amendment."

MR. PRESIDENT.—" I think the hon. Member may move all the amendments together and speak on all of them."

S. K. AHMED MEERAN SAHIB BAHADUR:—"That will not make the meaning clear, Sir, because there is difference between one amendment and another in regard to the principle. One amendment relates to foodstuffs; another is with regard to the sale of bullion and specie, and the third is with regard to handloom products."

MR. PRESIDENT:—"All right, then."

S. K. AHMED MEERAN SAHIB BAHADUR:—"Sir, the amendment which I will first move with regard to this clause 5 is—

'Between *the words "licence fees" and the words "the sale of bullion and specie" occurring in line 3,* insert *the words "the turnover of rice, broken rice, paddy, ragi, cholam, cumbu, and other millets, used as articles of food, the turnover of salt".*'

Mr. President, to a certain extent, I am very much handicapped in moving this amendment, because the Hon. the Premier has already expressed his views on this question when he was replying to the debate on the general consideration of the Bill. So, it is very very difficult for me even to get into an enthusiastic mood to vigorously fight for this amendment. Besides knowing the result which perhaps we knew even before we entered the premises of this Chamber, we also know the line of argument that the Hon. the Premier will take up. So, it is very very difficult to sponsor an amendment of this kind, though I . . ."

MR. PRESIDENT:—"The hon. Member is not justified in anticipating the result."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I do not know if it is an advantage that I gave my mind earlier; but I think it was only in reply to the comments made."

45 m. S. K. AHMED MEERAN SAHIB BAHADUR:—"To a certain extent it is an advantage. But to a large extent in this case at least, it is a great handicap. As the hon. Member, Sir Frank Birley pointed out, you can refute irrefutable points, you can argue unarguable points. I shall deal with these points. First of all, let me make my position clear. The articles of food which I have given are articles which are absolutely necessary for life for one and all, irrespective of the fact whether he is rich or poor, whether he belongs to any class. I lay stress on this fact because there are other articles of food which are perhaps used only by a few persons and not by many, for example, tea, coffee, ovaltine and such like things. Even other articles such as condiments, etc., are ordinarily used in the Indian household.

I have excepted them advisedly. I have taken care to include only such articles without which men perhaps cannot live, unless they are yogis, or sanyasis who perhaps live on air. Without these articles, one cannot live at all. These are articles of food which are consumed by one and all. I have not chosen articles of luxury. I think hon. Members on the other side of the House will concede that I have included only articles of food. The question is whether these articles should be exempted or not. Already the Hon. Premier has said that there is a misconception when people try to claim exemption for foodstuffs. He says that when a producer from the land wants to use his own article, or the produce which he has reared on his own land, he can use it freely and there is no tax on it at all. He said and I am willing to admit that a poor man in the village does not go and buy in a big bazaar where the turnover is more than Rs. 10,000. He goes and buys in the nearest shandi, fair or market for a rupee or so. He buys his articles from a merchant who does not pay this tax. Therefore, the poor man will not be taxed. All these things are true, Sir. But on this point I would like to say one thing. First of all, I lay stress on the fact that these are articles of food. These are articles of food on which some poor people do not pay the tax and on which some other poor people pay the tax. It does not matter to me, if the rich alone are asked to bear this tax and if the poor are not asked to bear the tax. It does not matter to me whether the producer of the land bears this tax or not, or whether only the merchant, clerk or some others who have some other walks of life in a big city bear this tax. Such a distinction should not be made, because these are articles of food. The first proposition I wish to lay down is that all articles of food—this is to say, primary articles of food without which man cannot live—should not be taxed. We know the agitation on the question of the Corn Laws and other things. Of course it may be stated that there are people who hold different views. There may be different maxims, I do not know. But I would say as a general proposition that primary articles of food ought not to be taxed. Though the tax in particular cases might fall only on the rich or on the merchant, the poor purchaser also cannot escape it. It may be that the poor man does not purchase in a big shop but in a shandi, or market close by. All the same, he has to bear a portion of the tax.

"The next argument is we are concerned not only with the poor man who lives in a small hamlet, who also buys his food from a small bazaar and who does not pay the tax. Though more than 80 per cent of the villagers live in small villages, there are some big villages also and people in those villages have to pay this tax. In a big village, though the poor man does not buy directly in a big shop, he has to buy his articles from a shopkeeper who buys

from a big dealer, who pays the tax and whose turnover will be Rs. 10,000 and more. It is not possible for all poor people to escape this tax. I can visualize such a position. Because even in villages poor people have to buy rice and other foodstuffs which have already been taxed. There are other sorts of poor people here in Madras and in other cities. I say these poor people also should not be taxed. We must not make any distinction at least with respect to primary foodstuffs purchased by the urban population and the rural population. I can understand the Government trying to shift the burden of taxation on general principles with regard to other commodities. They should not make a distinction in the case of foodstuffs used by the urban population and those used by the rural population. The Government should try to shift the burden of taxation from the rural population and the urban poor population. I can understand that general proposition with regard to sales of other goods. I cannot understand the Government making a distinction in the case of the absolutely primary and necessary food materials. What I say is, to-day in Madras the poor man who earns a few annas a day has to go and buy from a bazaar, rice and other articles which have been already taxed. That particular shop might not have paid the tax, I will assume, because its turnover is not Rs. 10,000. The retail dealer is not the producer; the producer is not the retail dealer. The produce comes from the villages or even from Burma. That means the merchant buys so many other things and he has ordinarily to pay the tax. I will go to the extent of saying that he would have to pay only 2 or 3 annas more. I will assume that the number of poor people who purchase foodstuffs is small. I submit that the State ought not to tax such poor men. These poor people will be compelled to pay the tax, if the price of rice, cholam or cumbu is increased.

"When the Hon. the Premier was dealing with the question of Excise revenue, he said, that the poor drinker goes to the village tavern because he has become a slave to that habit. He has become a victim to it and he could not resist it. He said we were committing a great folly in putting the temptation before him. I agree with him. On the question of Prohibition I agree with him. I consider it to be a first-class national reconstruction programme. I know there are many of my friends on this side who do not agree with me. I agree with the Hon. Premier on that question. I am willing to say so even now. I will use that argument in the case of foodstuffs also. The Hon. Premier said the drinker goes to the tavern, and likes to have the drink. He would prefer not to have it, if the tavern is taken away and if the temptation is taken away from him. That is Prohibition policy. He said you place a temptation in the way of the man who drinks. He has a craving; he has become a slave to that craving. That is the case with regard to 10 per cent of the population or less. That is a

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craving which, everybody knows, could be avoided if possible. Everybody knows that it is vicious to be addicted to the habit of drinking.

" But what about one's hunger? Is it not a craving or an instinct which every one of the community has? Is it a thing which can be avoided by people? Hunger is common to all people. No one can avoid it. You are taxing hunger. You are taking advantage of a man's weakness and you are taxing him. What is the difference between this and taxing liquor. There must be greater leniency or sympathy shown in the case of foodstuffs. We cannot avoid taking food. I can never subscribe to the proposition that absolute and primary articles of food should be taxed, that they should be made to pay in some way or other.

" Another thing I wish to say at this stage. With regard to rice and other articles of food, about which I move this amendment, they are not wholly produced in our country; large quantities of rice—if I remember right, to the extent of several crores of rupees—are imported into this country and they will be taxed because they pass through several hands. When it is a question of importing, the article has to pass through big merchants and they have necessarily to pay the tax. Ultimately the tax filters down to the poor man; it may mean the poor man in the towns or in the village. Even the poor man in the village is not able to produce his food. For example, in the case of famine, where the land has failed, the ryot in the village has to buy naturally rice and other articles of food which are imported into this country. Take any particular area where there is famine to-day. People in that area have to buy their foodstuffs. It is natural to levy a tax on imported articles of food. I ask why foodstuffs in such cases should be taxed. Ultimately why should the villager who purchases these imported foodstuffs be taxed? It may be said that the tax will be levied temporarily. I say that articles of food should not be taxed at all, even temporarily. Unfortunately our Province is visited by famine very often, though not the whole Province at least particular areas year after year. In such famine years, poor villagers will necessarily have to buy food which has already been taxed. It may be said that the tax does not exceed half a per cent. Hon. Members must understand that the tax is a cumulative one. Half a per cent tax in actual working will turn to be one per cent at least at each stage. It must be something like that. I cannot dogmatise on that point. Nobody has got data. This much I can say from the nature of the Sales Tax. When a merchant wants to shift the burden, he will not be satisfied with levying just this amount of the tax. He has to provide for bad debts also. He has to provide for so many other contingencies, which he cannot foresee. These are defects inherent

in the tax itself. I need not dwell on this point further. It will be a hard thing to ask the poor man to pay tax on articles of food which have been taxed three or four times.

"Then, Sir, one word more with regard to some other point. I have included 'salt' in my amendment. I need not say much on the question of salt-tax, because I think that is a sheet-anchor of the Congress itself. They were willing to plunge the whole country p.m. into civil disobedience on that question. Right or wrong, I will not now deal with the merits of that question. As regards the taxing of the articles of food, it is said that the producer is not going to be affected and that the villager who purchases his articles of food at a shandy is not affected in that the turnover of that person will be less than the limit of Rs. 10,000. But what about salt? Are we purchasing it directly from the producer; is it got from the shandy direct from the producer? Is it not used by all the people whether they are townsmen or villager? It is well known that it is an article which is subject to licence-fees and its manufacture is regulated by rules and regulations made by the Government. It passes through particular hands and it does not pass through all the hands just like the other articles of food and it is taxed. It has to pass through a form of taxation which perhaps other articles of food escape under certain circumstances. I do not think that in the case of salt, we can get it free from tax at any stage whatsoever. Under such circumstances, I can only implore the Government to accept this amendment. We are suggesting this in the interests of the really poor in respect of articles of food which are absolutely essential. I have excluded the other costly articles of food which are commonly used by all, for instance condiments, which are used by all the poor people. I have excluded them because people can live without them but they cannot live without ragi, cholam, rice, cumbu and other millets, which are the primarily staple products of which all kinds of food are made. I have also included the turnover of salt."

SRI M. D. KUMARASWAMI MUDALIYAR:—"I second the amendment."

* SRI RAO BAHADUR M. RAMAKRISHNA REDDI:—"Mr. President, in supporting the amendment moved by my hon. Friend, Mr. Meeran, I like to place one or two points before the Government. At an earlier stage of the discussion, I dwelt on the circumstances under which foodstuffs should be excluded from the operation of the Bill. It is true that the villagers purchase their requirements from the shandy and sell their goods according to their convenience. I would like to say that all the foodstuffs are not available at one particular place as my hon. Friend just now remarked. For instance, we get rice from Nellore and we get

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chillies from Guntur. Some districts produce some articles which other districts cannot produce owing to climatic, soil, weather and other variations. Under such circumstances, the merchants who happen to be wholesalers have to get these things from neighbouring districts and then sell them to the retailers in the neighbouring town and from that town the retailer in the village gets his goods for sale in the village. That means that the goods have to change three or four hands before it actually comes to the hands of the villagers. Under these circumstances, at every stage the tax is added on before it actually reaches the hands of the villagers. It may be that the last retailer has not got to pay the turnover, but it is a different question altogether whether those who purchase from him would be given the benefit of the exemption in his favour. Though the measure imposing the taxation has not been passed by the House, as a matter of fact in the interior parts of the Presidency, the people have already raised the price of the articles on the plea that the prices of articles have to be put up in order that they may find the money wherewith to pay the tax. That being the real state of affairs, it would be a very good thing not to give room for such exploitation by saying that the food articles such as cholam, rice, cumbu and other things are altogether exempt from the scope of the Act. If the tax is levied at half a per cent without the amendment now being accepted, there is no knowing how many dealers in the interior parts will put up their prices on the plea of the Sales Tax. So, it is just that these things should be exempted and no loophole is left for the traders to gain an advantage which it is not the intention of the Government to give. It has also to be remembered that it is proposed only to exempt the very essential food-stuffs; and the loss sustained by the Government would be very infinitesimal compared with the advantages that will enure to the villagers. I would, therefore, appeal to the Government to accept the amendment and exclude the food-stuffs from the operation of the Bill. It has been argued that the amount is to be paid by the consumer. I would remind the Government that 75 per cent of the population are agriculturists except in large cities like Madras, Madura and other big cities where consumers are not agriculturists. In the rural parts consumers are only the agriculturists; so that indirectly, it means that the agriculturists will have to pay. It would be only proper that the food-stuffs are excluded from the operation of the Bill. It would be well to see that other civilized countries where this Act is in force, have excluded food-stuffs from the scope of their Act. I submit that it is reasonable to favourably consider the amendment under discussion and accept it."

* MR. J. A. SALDANHA :—" I shall just refer to the charges brought by the Hon. the Premier against the members on the Opposition that they were not quite sincere in their arguments in not making distinctions between the taxes directly paid by the consumers of food-stuffs and the liquor tax paid by the drinkers. I shall straightaway answer it by pointing out to him that all the people purchase grains and take food whereas it is only some people that take toddy and liquor. In the former case it is a necessity, without which they would die but in the latter case, it is a luxury tax. It is monstrous to suggest that those who purchase necessaries should pay in order to meet the loss of the taxes paid by a few for a luxury. Of course the Hon. the Premier is a master of sophistry and is a master of law, and he has got the pleasant knack of presenting his arguments in sweet suavity however unreasonable the position taken up by him may be.

" Coming to the question of exemptions in respect of articles of food, I submit to the Hon. Premier that a tax on food-stuffs would hit hard the poor people. Authorities were cited by the Hon. the Premier but he omitted to cite the later authority on economics, Professor King of the University of Pennsylvania and it is the latest publication of 1935 and the one point that I would like to invite the attention of the Hon. the Premier is that a tax on all goods would have the certain effect of lowering the standard of living of the people more than any other tax. It has to be remembered that he is not speaking in the spirit of a partisan. This is a tax which would affect the poor more than the rich. I plead that the exemption asked for in respect of rice, cumbu, cholam and other things, is very reasonable and they ought to be exempted. It will not, I suppose, be difficult for a Government which has the interests of the poor at heart—at any rate that is what they are professing—to accept the very modest suggestion contained in the amendment. I plead for their sympathetic consideration."

* MRS. MONA HENSMAN :—" In supporting the amendment under discussion, I do not wish to waste the time of the House and I would confine my remarks to the basic principles of the amendment. Although I do not represent any constituency, I do feel that those of us who are women have got a concern about the exemption of certain food-stuffs, that have been brought up to-day by means of the amendment of my hon. Friend, Mr. Meeran. I think that we have got a very strong case. I have consulted our economist here in the House and other economists and they have told me that in certain States in America—I mention America because reference was made to it in the course of the debate—in certain States like Pennsylvania certain food-stuffs are exempted altogether.

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Especially as regards salt, there would be a very great difficulty in justifying this tax on the masses—I have advisedly not referred to the poor people. For instance, we have been told that the people doing trade with a turnover of less than Rs. 10,000 will be exempted from this taxation. I fail to see how this is going to help the poor man. I am sure that it will be the small shop-keepers that will benefit from this. In that way the poor will be forced to pay the tax on the food-stuffs at any rate indirectly to the shop-keeper though it may not reach the Government treasury. If there is any assurance that the small shop-keepers will sell commodities like rice, jaggery and salt at a rate less than the bigger shop-keeper next door who will be assessed on this tax, it would be worthwhile to vote for all the clauses of the Bill. But that seems to be a doubtful assurance, if not an impossible one. The Hon. the Revenue Minister speaking at an earlier stage—I say this open to correction and with apologies to him if I took it down what he said with some small errors—informed us that it was not for offices, but for the development of trade and for the development of agriculture that the present Government have taken up office. He also impressed upon us that so far as this Government was concerned, they had taken up office for benefiting trade and industry and agriculture. Would this not be achieved if the present amendment were accepted? He also referred to the blind faith of the villagers in the watchfulness and carefulness of the Government for the interests and welfare of the villages. The acceptance of the amendment would justify that blind faith on the part of the villagers in the present Government, but only if the present amendment were allowed to go through. Constitutionally speaking, I do not think that it would be possible for the Government to make up their minds on an amendment before it has been moved, far less before it has been voted upon. The Hon. the Premier appealed to us, women, last week in connexion with another Bill and now I would appeal to the present Government to look upon this amendment with favour. I do not think that we have got a House 5-15 p.m. where the minds are made up before the very participants enter the building. Nor do I think that there are such statutory measures brought in here that they do not require even a 't' to be crossed, or an 'i' to be dotted. But I do feel that there is a feeling among members in this House that if the amendments that are brought in here are not accepted by Government, they are called in for nothing. It is only in extreme cases of necessity that we urge the acceptance of amendments, and the present amendment is one such case. We feel that this is an amendment that should honestly go into the measure and be referred to the other House. Of course there is some difficulty in the machinery of the Government in so doing as the other House has been prorogued."

MR. PRESIDENT:—" No, it was only adjourned *sine die*."

* MRS. MONA HENSMAN:—" I am sorry, I stand corrected. Perhaps there is a certain amount of difficulty in sending this Bill back to the other House. But, surely, in a case like this, that should not stand in the way of Government accepting this amendment. Only last year we had the example of Government accepting certain amendments from the other House in a Bill initiated in this House and we were all most happy that this change of things had come about. I will not say, 'change of heart'; because Government feel, and sincerely feel, that they should do good to the poor masses. Though we may not know so well what the poverty of the people is and what their hunger is in the same way as members on the other side of the House yet it cannot be gainsaid that we do know what poverty and hunger mean as we work along with those who are poor and who are hungry, with those in the city earning four annas and less a day and as we know the life of the menials not only in the city but scattered all over the Presidency. The Premier has assured us, Sir, that the 'very poor' will not suffer so much as we think from this Bill, because in the villages each man can grow for himself enough food-stuffs to be more or less independent of this tax, but this does not apply, Mr. President, to salt, a necessity of life, nor does it provide for the poor who live in the towns—and there are many of them—who have an inch of ground to call their own or on which to grow any food-stuffs.

I will finally conclude, Sir, with a reference that was made eight years ago in the Karachi Congress in March 1931. Mr. Jemnadas Mehta while speaking about the Ghandi-Irwin Pact, said, 'Mr. Ghandi has such a powerful hold on us that in his presence all thought is benumbed, judgment is paralysed and the courage of conviction is regarded with the greatest disapproval. I consider this, as an unworthy sign of public life of our country. Instead of proving our fitness for freedom, it tends to prove the contrary.' Sir, I would draw your attention to the concluding words, 'The courage of conviction' and 'A fitness for freedom.'"

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Permit me, Sir, to say that I have not been able to see the relevancy of the last passage in respect of the importance of the subject with which the hon. Lady Member closed down her speech. I do not see the complete connexion between what Mr. Jemnadas Mehta said about Mr. Ghandi and this amendment. I do not know if I have missed any point or have become too dull in this long-drawn debate as to be unable to see the connexion. Apart from that we might discuss the matter of food-stuffs, and see whether they should be exempted. I hope it will not be considered a disrespect to this House if

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I say that this is not a new matter; this question has been thoroughly discussed before. I quite understood and followed what Mrs. Hensman said that no matter should be considered closed, that the Government should be always receptive and should be ready to accept any amendment apart from the difficulty of machinery or necessity to go through another debate in another House and that Government should be ready to accept anything right at any moment and that it is never too late to amend. I quite agree. But there is a difference between a matter of first-rate importance like this which has been discussed thoroughly and concluded before and a matter which for the first time comes for consideration now. In the latter case, we should certainly be more prepared to reason out and change than in other case. Also, if it were any new minor point which suddenly had cropped up, which we did not expect before, we should also be ready to make the correction, whenever it is pointed out; however late it may be. This clause satisfies both the conditions; namely, it is matter of first-rate importance and that it does not crop up for the first time: for it has already been thoroughly considered and decided. And the reasons for it are these: that it is administratively a most complex incidence in this new scheme if we are to go on making distinction and have a tax of low incidence also associated with particular objects. A tax of high incidence can be placed on selective articles; but a tax of low incidence, if also made selective, by exempting a number of articles from the operation of the Act would create again the same complexity about small incidence tax as about selective high rate tax. So that administratively the Government were from the outset unable to accept any provision by which the turnover accounts would have to be separated, analysed, kept separately, examined separately, and closely examined; it would become far more complex for execution and administration. But execution difficulty should not be the last word on the subject, if there is reason and justice in favour of exemption. They too should be taken into account. That is all what I say.

" With regard to the justice of the matter, let me examine it with a little more care and not run away with sentiment. Now, what is the total amount of food-stuffs which these poor people that hon. Members one after another referred to, would have to buy? Shall we say, it may be put down at Rs. 50 per annum, or four rupees or five rupees per month? Food-stuffs as such, how much can a man consume of broken rice, paddy, cholam or cumbu—all these taken together? Of course, it is limited; but a trader's turnover is unlimited! I quite agree and that is the real point. But if it is the poor man's actual consumption that you are dealing with, what is the total amount that the man can consume? Five rupees for himself and his whole family? Let

me grant it; and what is the tax that we levy? I am quite prepared to say it is half per cent, or one pie in the rupee. I give the Opposition the most generous factor to multiply it with. Twelve times? Yes, very well, twelve times. Let us multiply this broken rice, paddy, cholam, cumbu and all that together with twelve; let us imagine we are living in wonderland, and that all this broken rice, paddy, cholam, etc., have to pass through twelve hands till it reaches its favourite, the villager. Yes, the poor man who buys it pays twelve times one pie, that is, one anna. And calculate that for five rupees; it comes to five annas. Therefore he pays five annas a month—or four annas, if you take his monthly food to be four rupees worth—and would he grudge to pay it? No. For he will have a proper tax of low incidence, as he may have all drink shops removed. So I do not think he would grudge to pay that four or five annas. So whatever this seeming important subject may be, it is really trifling in its value, but very great in its mischief. If we introduce it, apart from the difficulty of calculations and examining accounts, the mischief will be great, whereas the real profit that we derive for the man with whose interest we are concerned will be very small. It is only a low incidence tax, and therefore, it is, Sir, that we decided, on good advice in the select committee as well as in the other House, on the advice from the Opposition, if I may say so, there should be as few exemptions as possible.

"Of course, we differed as to what 'low incidence' means. Those on the Opposition side wanted half of what we wanted, whereas we thought half per cent was too low; on which we agreed to differ. But whatever it may be it was made definite that we should have a general tax of low incidence. So it was considered on the whole advisable not to have exemptions as far as possible. Now, if we exempt articles of export it is one thing, but if we exempt by far the largest commodity in internal trade, then the whole machinery is upset. Food-stuffs, no doubt, together, make some revenue for the country; but that too, separately considered from the point of view of individual sentiment and feeling, is far too trifling for hon. Members to imagine that any great burden would be laid upon food-stuffs. Propositions examined merely theoretically without reference to the quantum of the tax are perfectly sound. We ought not to put a heavy burden on food-stuffs; I agree entirely; but we have to put some little burden on all things. For instance, nobody imagines that railway trains should carry food-stuffs free; nobody imagines that buses should carry goods free for those who deal in food-stuffs, or that they should be charged as low as possible. It is necessary that all should share the burden with reference to some particular small article and that there should be no exemptions. If the tax had been anything substantially heavy then I quite agree it should be very selective. But since the tax is general, I submit we

should err on the side of having no exemptions rather than have too many exemptions. These were the reasons which weighed with us, and it is my duty to place them before the House; because I admit if there were any other reasons which we did not properly consider, the question should be reconsidered. I do not claim that we are at the end of discussion in the second House and therefore we should not for the mere fact of dislocation of arrangement refuse to consider it. I do not stand on that ground at all. On the merits, Sir, I oppose the amendment."

The amendment was put to vote and declared lost.

Several Hon. Members from the Opposition Benches demanded a poll and the House divided thus:—

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.	5 S. K. Ahmed Meeran Sahib Bahadur.
2 Khan Bahadur T. M. Moidoo Sahib Bahadur.	6 Mrs. Mona Hensman.
3 Sri B. Narayanaswami Nayudu.	7 Sri M. D. Kumaraswami Mudaliyar.
4 ,, Rao Bahadur M. Ramakrishna Reddi.	8 Dr. Sir K. V. Reddi Nayudu.
	9 Sri Rao Bahadur M. Raman.
	10 Mr. J. A. Saldanha.

Noes.

1 The Hon. Dr. T. S. S. Rajan.	14 Sri T. C. Srinivasa Ayyangar.
2 Sri B. Beehma Rao.	15 ,, D. Sriramamurti.
3 ,, K. Madhava Menon.	16 ,, V. Ganga Raju.
4 ,, V. V. Jogayya.	17 ,, P. Peddi Raju.
5 ,, R. Srinivasa Ayyangar.	18 ,, P. Veerabhadraswami.
6 ,, A. Rangaswami Ayyangar.	19 ,, K. P. Mallikarjunudu.
7 ,, K. V. Srinivasa Ayyangar.	20 ,, N. Venkatachalamaji.
8 ,, N. Sankara Reddi.	21 ,, C. Perumalswami Reddiyar.
9 ,, V. Vasantha Rao.	22 ,, K. S. Sivasubrahmanya Ayyar.
10 ,, M. Narayana Rao.	23 ,, N. Subba Raju.
11 ,, M. Narayana Menon.	24 ,, S. K. Satagopa Mudaliyar.
12 ,, K. Venkataswami Nayudu.	25 Sir Mahomed Usman Sahib Bahadur.
13 ,, T. A. Ramalingam Chettiyar.	

Ayes 10. *Noes* 25.

The amendment was lost.

The House then adjourned to meet again at 11 a.m. the next day.

THE MADRAS LEGISLATIVE COUNCIL.

Friday, 19th May, 1939.

The House met in the Banqueting Hall, Government House, Mount Road, at eleven of the clock, Mr. President (THE HON. DR. U. RAMA RAO) in the Chair.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

I.—THE MADRAS GENERAL SALES TAX BILL, 1939 (L.A. BILL No. 11 OF 1939) AS PASSED BY THE ASSEMBLY—*cont.*

Clause 5.

MR. PRESIDENT:—" The Council will now resume discussion of clause 5."

S. K. AHMED MEERAN SAHIB BAHADUR:—" I am not moving my second amendment, Sir."

MR. PRESIDENT:—" Are you going to move the other amendments? "

S. K. AHMED MEERAN SAHIB BAHADUR:—" There are three amendments, Sir, which I have given notice of to clause 5. I have already finished one; the second, I am not moving. I propose to move, with your permission, the third amendment."

MR. PRESIDENT:—" Yes."

S. K. AHMED MEERAN SAHIB BAHADUR:—" As regards the third amendment, my object in moving it is to have a verbal change made, in order to make the meaning more clear. The amendment that I move is as follows:—

> ' Omit *the words* " *dealing exclusively in such cloth* " *in lines* 5 *and* 6 *and* substitute *the words* " *who do not deal in any cloth other than those produced on hand-looms* ".'

I take it, Sir, that the object of inserting the words ' dealing exclusively in such cloth ' is to give exemption to those people who deal exclusively in hand-loom cloth, in order to protect those merchants who deal only in hand-loom products and not in any other kind of cloth. But the section, as I read it, may mean this: if a man who deals in hand-loom products, also deals perhaps in chillies for instance, or some other kind of goods, he will not get that exemption; it looks like that. He must not deal in any

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other kind of article. If, as I understand it, the object of the Bill is, to give protection to people who deal in cloth made on hand-looms, then my amendment would make that intention very clear. The words 'dealing exclusively in such cloth' may give room to the interpretation that a hand-loom cloth dealer who deals in chillies or any other article will not get the exemption, because he does not deal exclusively in hand-loom cloth but deals in some other article also. That is the object of my amendment, Sir."

* SIR FRANK BIRLEY:—"Mr. President, I beg to second the amendment; and I do so, because I have given notice of a similar amendment. If the Government are going to accept this amendment, I may not move the amendment standing in my name. My arguments for this amendment are the same as those advanced by the Mover of the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, Mr. Meeran's amendment is to make the matter clearer and possibly to avoid any errors in that respect arising out of the language used in the section as it stands. Sir Frank Birley's amendment is found to be a little more explicit. It reads, as he has announced it—

> 'For *the words* "*dealing exclusively in such cloth*" substitute *the words* "*who do not also deal in mill-made cloth*".'

This is of course the intention and the only purpose of this proviso. I would beg of both of them to be satisfied with my assurance that that is the only way in which it is intended to work this. It is only a question of interpretation by executive instructions covering the manner in which turnover is to be calculated, and the matter will then be made perfectly clear. The language as it stands is 'exclusively in such cloth.' It was thought that the word 'exclusively' would refer to cloth only, not to any other matter. And for those rare cases where a man may be selling in the same shop some articles other than cloth, or in the case of a far-fetched misapplication of the section which Mr. Meeran imagines, they should be definitely provided for; but it is unnecessary to bring forward this amendment for the purpose. I give my absolute assurance that this will be recorded in the rules as soon as possible, and the matter will be made perfectly clear."

MR. PRESIDENT:—"Does the hon. Member withdraw the amendment?"

S. K. AHMED MEERAN SAHIB BAHADUR:—"I am not withdrawing it, because I am not satisfied with the executive interpretation; it is for the courts to interpret."

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THE HON. SRI C. RAJAGOPALACHARIAR:—" I may just add for Mr. Meeran's consideration that 'exclusively in such cloth' is certainly capable of the interpretation exactly as Mr. Meeran wants it to be; but I do not think there will be any difficulty arising, because the method of determining the turnover will be made perfectly clear by the rules."

S. K. AHMED MEERAN SAHIB BAHADUR:—" I conceded from the very beginning that it was so; but the language is capable of a different interpretation also."

The amendment was put and lost.

* SIR FRANK BIRLEY:—" Mr. President, I move—

'*After clause 5, insert a new clause 5-A:*

"*5-A. When a business is sold as a going concern, the transfer of the goods of such business from the seller to the purchaser shall be exempt from taxation under section 3*".'

" Sir, this is an amendment which I am emboldened to move and to advocate very strongly because it is one which, if it is adopted, will not involve the Government in any loss because they will get their tax from the goods when they are subsequently sold by the purchaser of the business. When a business is sold as a going concern, it is not always easy to distinguish between the price paid for stock in trade and that paid for goodwill, etc., and it is obvious that if such sales are not exempt, the tax can be evaded by the payment of a nominal figure for stock in trade and a larger figure for goodwill. I may say it is within my knowledge that sales of property not only in this country but in England have been done in this manner in order to avoid taxation. Perhaps this is another matter which the Government intend to deal with in the rules, and if the Hon. the Prime Minister would be pleased to give an assurance here again to this effect, I shall be happy to withdraw the amendment."

Sri Rao Bahadur M. Raman seconded it.

THE HON. SRI C. RAJAGOPALACHARIAR:—" I do give the assurance, Sir, that it is not intended to cover wholesale transfers of the whole of a business in the calculation of the turnover of that business. It is not the intention at all."

* SIR FRANK BIRLEY:—" I thank the Hon. the Prime Minister for the assurance given, and I am withdrawing the amendment."

The amendment was, by leave, withdrawn.

Clause 5 was put and carried.

Clause 6.

DR. SIR K. V. REDDI NAYUDU:—" Mr. President, I beg to move the amendment standing in my name, viz.:—

> '*In line* 4, after *the words* " *tanned or untanned*," *and before the words* " *shall be taxed*," insert *the following*: " *jaggery, sugar, onions, turmeric and groundnut* ".'

Hon. Members will see that clause 5 as it stands runs thus:

> ' Subject to such restrictions and conditions as may be prescribed, including conditions as to licences and licence fees, the sale of bullion and specie, of cotton, of cotton yarn, and of any cloth woven on hand-looms and sold by persons dealing exclusively in such cloth shall be exempt from taxation under section 3.'

I wish to add to this clause, to this partial concession shown to sales of hides and skins, the following list, i.e., the five articles mentioned in my amendment.

" Mr. President, I was submitting in the course of the general discussion that the Hon. the Prime Minister did not give any reasons why he considered that trade would not be affected. His reply did not take us very far. We have not been given any reasons of a convincing nature for the position that trade will not be affected. However, the very existence of this clause where a partial concession is shown to hides and skins is one piece of evidence that there may be some articles in the trade of which there may be trouble and difficulties in case they are not exempted.
1-15 Now, Sir, hon. Members will be pleased to see the articles which
,m. I have mentioned. I shall first take groundnuts. This oil-seed is sent to France and other countries. My hon. Friend Mr. Ramalingam Chettiyar in the course of his speech told us that this was one of the articles, the trade in which is likely to be affected. The point is this, Sir. As he has pointed out, we have no monopoly in the supply of oil-seeds and in the supply of groundnuts, just as we have in the case of jute, for instance. Dundee and other places where jute articles are manufactured get their jute only from India and it may be open to India to fix her own rates and any one who wants to have any manufactures in jute will have to buy it if he means to carry on his business. But it is not so with groundnuts. I submit that it is very difficult for me to distinguish hides and tanned skins from the articles which I have mentioned. There is the competition and when foreign merchants offer to France their groundnut and other oil-seeds at a certain rate, it will not be open to the Indian trader, or whoever it might be that might be trading from India, to fix a higher price—that means at the other end of the price is fixed; it will have its repercussions on its price in this country. The traders would not like to trade if they are to lose. Therefore, the result will be that he

will offer a smaller price to the producer and since the producer is exempted, if that is to be a reality, I submit, Sir, this has got to be exempted and taxed only at one point as in the case of hides and skins.

"Mr. President, sugar has been dealt with by my hon. Friend, Mr. Meeran and for the reasons that he has stated, that article, still I think, Sir, should be included in this list. Sir, the sugar industry in this country is in its infant stage. Owing to the heavy tax which the Government of India have imposed upon foreign sugar, customs duty I mean, people in our land have been encouraged to grow more sugarcane and factories have risen, especially in the Telugu country—let not my mentioning the Telugu country worry anybody; it is mostly in Telugu countries, I know that sugar factories . . ."

SRI T. A. RAMALINGAM CHETTIAR:—"Tanneries also!"

DR. SIR K. V. REDDI NAYUDU:—"Quite so, but not so much as in the Tamil country. We have only a very few tanneries. I was saying that factories have risen or have been built at enormous costs the one at Vuyyur for instance by a sort of co-operative arrangement, in which the share-holders have agreed to grow sugarcane themselves; and owing to this heavy customs duty decent profits are being made in the sugar industry. Still, Sir, we are importing a large quantity of sugar from Java and from the North in our own country. But we have land enough here capable of growing sugarcane, we have facilities, our labour is not dear and here is the field in which the Government could assist the people and develop this sugar industry. This tax, Sir, will be a handicap, Mr. President, if my information is correct; this heavy customs duty on foreign sugar cannot continue long. (The Hon. Sri T. Prakasam: 'It has already been reduced.') It has already been reduced, as the Hon. the Revenue Minister says and it is possible that it might come to an end very soon and it will add another difficulty to this industry. I therefore submit, Sir, sugar deserves to be included in this category.

"Jaggery, Sir, is mostly used as food in sweets prepared at home, especially on auspicious occasions like marriage, but a great deal of it also goes into the sugar factories and is converted into sugar.

"Turmeric and onions and the remaining items, I shall take. Onions, Sir, are exported to Burma and other countries. That is the only trade as far as I am aware, Mr. President, in which the people of the Ceded districts take a great interest. They grow onions, they buy onions and export to Burma and other countries. I beg to submit, Sir, it will be a great help to this trade in which the people from the Ceded districts are very much

interested. I mentioned them because, they come from the famine stricken area. Apart from cotton, they have no other interest in business.

" As regards turmeric, Mr. President, I do not know whether other countries export it. But I know a large quantity is exported from our Province.

" These things I mention, Sir, because I feel that the trade on these items is still in an infant stage, it cannot meet competition from outside and unless this help is given, I beg to submit, there is a possibility, or it may be a likelihood, of injury to these trades. I therefore beg, Sir, that this amendment may be accepted."

SRI B. NARAYANASWAMI NAYUDU :—" I beg to second the amendment. I have stated already at the outset that in these trades there is foreign and inter-State competition. Onions and turmeric I have already referred to and with regard to the other things, the same conditions prevail in the inter-State or foreign competition and therefore I submit this is clearly a case in which the Government ought to yield."

*THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, this amendment may be taken as dealing with two aspects of the matter; one and the principal one is that dealing with the export commodities and the arguments advanced are the same as have been so vigorously advanced from the outset in the general discussion, that any burden placed upon the sale of commodities which should ultimately be exported abroad and compete with similar articles from other Provinces in foreign markets would injure the business. The other part of the amendment moved by Sir K. V. Reddi deals with sugar and the sugar industry.

" With regard to the export aspect of it, I do not think I can add anything more to what I have said already. There is no doubt that exports stand on a different footing from internal trade commodities. At the same time, the argument that that theory should be taken as sufficient reason for doing away with any taxation on them . . . (Sri B. Narayanaswami Nayudu: No, one point) is not correct. The theory that any kind of tax will hurt the trade is, I think, a little too much depended upon in every argument. At that rate do hon. Members want that all the export trade should be freed from any charge or liability in respect of the Government of this country and that everything should be borne by those who deal in other commodities? I submit that every commodity has a limitation also. When we have a general sales tax of low incidence, I submit, this argument in favour of exports ought not to come in, in our country, so far as we are concerned where the bulk of the business is only in exports. But if we levy a selective tax, I can understand the meaning and the force of the arguments that these export commodities should not

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be selected, for any imposition of that kind. But in this particular Bill, Sir, this differentiation in favour of exports has been set aside. But to some extent, as I have already admitted, the difference is recognized—though not wholly recognized—and that is why one or two articles have been chosen from the bulk of our business in export; cotton and in a limited form skins have also been dealt with by way of reducing the taxation to one point instead of levying it at all points.

"What I wish to add in dealing with this amendment is this, that it is not enough for those who are interested both in the Government of the country and in the export trade to simply ask that the export trade should be wholly free from any charge in respect of the expenditure in the State but they should strive to put a little more reorganization into this export trade. What should really be used for further forms of manufacture in our own country should be attended to and dealt with in that way. What is to be exported must be exported with the least possible loss to the producer. Instead of that, what do we now see? We find a few first-class firms from abroad exploiting all the exportable resources of our country. Then we find numerous intermediaries who simply get in in order to speculate and to gamble in the intermediate stages, with reference to the prices going up or the prices going down and exploiting the ignorance of the producer, going and buying as cheap as possible and taking in as much quantity as possible that can be stuffed into what is called the standard weight or the measure. Then these things are handed over to the importer who by this arrangement has as little to do with the actual producer as possible and who takes no risks whatever in the matter. He leaves his business entirely in the hands of others, for he insures his business by them; so to say, all the insurance premia they get is by exploiting the ignorance of the actual producer. Reorganization is necessary. I admit that exports are valuable additions to our trade. I admit that it is perhaps more valuable to our business to-day and it ought to be attended to properly. Integration and honesty are both necessary in re-organization of this part of our business rather than the exemption from the half per cent tax that we put on businesses in this country. This is the avenue for those who are interested in the re-organization of trade. I may be forgiven for making these few general observations so as to explain the motive of the Government. The Government do not intend to put the entire burden, but the Government only intend to put that small rate of percentage, on this part of the business of the country as on every other part of the business. We cannot make it escape altogether.

"But, Sir K. V. Reddi goes further. After dealing with 11-3
primary commodities on the basis of exports, he comes to sugar a.m.
also. This is not a protective measure at all. Let no one imagine

that this Sales Bill can be converted into a protective measure as simply for this article or for that article. It is impossible. This is merely a measure for getting the money necessary, for meeting bare necessities of provincial expenditure. It cannot be transformed into a protective measure for the increase of our sugar industry or tanning industry or for the matter of that, an increase of our groundnut trade. There is no colour of protection about it. But there is possibility for an infinitesimal degree of protection in spite of the safeguards that have been placed under the Government of India Act. But it is infinitesimal and negligible. The safeguard, as it is called, provides under section 297, that no law can be passed by any Province which will either prefer or restrict or discriminate by way of taxation between goods produced or crops raised in any particular Province as against—whom?—the whole world! It was possible for a Federation to ask for a law that one Province may not be discriminated against another. But whatever they have done they have included the whole of the world as against the Province and have made a rule that we cannot discriminate even against Java, that we cannot discriminate on the rice coming from Burma in favour of rice produced in our own country or the rice coming even from America, if ever it should, as against rice produced in our own Province. That is the limitation under which we have to work. No protection can be built up out of this taxation measure. For that hon. Members will have to knock at the doors of the Federation, the Government of India and not here. This, Sir, is only to meet a particular necessity of expenditure and we cannot make distinctions when putting down the one pie tax that we are putting. It is like stamps. It is like postage. It is like freight. I want hon. Members to realize that this Sales Tax will be like the stamp rate or railway charges and package charges, and that we cannot escape from the necessities of the taxation in our Province. That is the only answer I have to give.

"I have not made any attempt at discrimination in favour of this article or that article. I may confess here that great amount of pressure was brought to bear on us with a lot of reason behind it in order to save coconuts and copra from the terrible plight in which those commodities are now as against foreign competition. Why have we put all that aside? Not because hon. Members have not pressed enough. They have pressed quite enough. They have pressed more than they possibly could be expected to do. They have done all that. But it will be seen that we have adopted a uniform rate and we cannot make any distinctions with respect to this charge that we are putting upon trade as a whole. I appeal once more to those who help this export trade to see that the producer is not hurt and that they themselves do not undercut one another and ruin one another in gambling and speculate to

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improve export trade as a whole and also save the producer. This half per cent is not going to make the difference. It is their own morality and it is their own business capacity that will however make the difference."

The amendment was put and declared lost.

A poll was demanded and the House divided thus:

Ayes.

1 Sri Rao Bahadur N. R. Samiappa Mudaliyar.
2 Sir Diwan Bahadur R. Srinivasan.
3 Khan Bahadur T. M. Moidoo Sahib Bahadur.
4 Sri B. Narayanaswami Nayudu.
5 Abdul Wahab Sahib Bahadur.
6 Sri M. Ramakrishna Reddi.
7 Ahmed Meeran Sahib Bahadur.
8 Sir Frank Birley.
9 Sri M. D. Kumaraswami Mudaliyar.
10 Dr. Sir K. V. Reddi Nayudu.
11 Sri M. Raman.
12 Mr. J. A. Saldanha.

Noes.

1 The Hon. Dr. T. S. S. Rajan.
2 Sri B. Bheema Rao.
3 „ K. Madhava Menon.
4 „ V. V. Jogayya Pantulu.
5 „ R. Srinivasa Ayyangar.
6 „ A. Rangaswami Ayyangar.
7 „ K. V. Srinivasa Ayyangar.
8 „ N. Sankara Reddi.
9 „ V. Vasantha Rao.
10 „ M. Narayana Rao.
11 „ M. Narayana Menon.
12 „ C. Perumalswami Reddiyar.
13 Sri K. S. Sivasubrahmanya Ayyar.
14 „ S. K. Satagopa Mudaliyar.
15 „ P. Veerabadraswami.
16 „ K. P. Mallikarjunudu.
17 „ N. Venkatachalamaji.
18 „ D. Sriramamurthi.
19 „ V. Ganga Raju.
20 „ K. Venkataswami Nayudu.
21 „ T. A. Ramalingam Chettiyar.
22 „ T. C. Srinivasa Ayyangar.
23 Sir Mahomed Usman Sahib Bahadur.

Ayes 12. *Noes* 23.

The amendment was lost.

KHAN BAHADUR T. M. MOIDOO SAHIB BAHADUR:—" Mr. President, I beg to move—

'Add *the word* " *timber* " *between the words* " *untanned* " *and* " *shall* " *occurring in line* 4.'

" In doing so, I beg to draw the attention of the House to the fact that timber is quite a different commodity from all the other commodities that come under this Bill, for timber is taxed by the municipality as soon as it comes into the city by steamer or rail at the very railway station or harbour at Rs. 5 per ton for all timber and in the case of timbers that go outside India a duty of 20 per cent on the value of the timber is also charged. Malabar especially is a country producing much of the timber, cheap timber that are sold in the markets here and everywhere. After paying these double or treble duties not only in the City of Madras, though the City of Madras charges Rs. 25 per ton as licensing fee for timber, in all other places the licensing fee is charged by the municipality. With all this heavy burden it will be killing the very industry by making it also pay this general sales tax. I have even quoted yesterday the fate of the timber lying at the ports which once fetched Rs. 15 to Rs. 20 per cubic foot and which there is none now to buy even at Rs. 2. This is

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the plight of the merchants. Unless it is exempted—I do not want full exemption; I want that the tax should be put at the first instance—the trade will be killed. I appeal to the Hon. the Chief Minister to seriously consider this matter as many of the timber merchants will find it very difficult to pay this additional tax. In the case of timber there are very many species which are often sold for cost price as there is keen competition. Timber must be encouraged as we have to compete with foreign timber which is flooding the market. For instance, we have got Malabar teak which is far superior and stronger than the Burma teak, but the Burma teak has captured the market. Cheap timbers are available in plenty all over the Presidency and they are being sold at competitive prices to compete with foreign timbers. Japan, Singapore and some other foreign countries are selling cheap timbers to compete with the Indian timber and with the additional burden of this tax the timber trade will be surely killed. I appeal to the Hon. the Prime Minister at least to accept this amendment of mine which is very modest."

SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I may mention in this connexion that I had the benefit of a fairly long discussion over this subject with the interests concerned and they had explained to me the position and the difficulties of their business. The points which I placed before them were these: that so far as internal trade goes in our own Province, since this tax will fall on all timber it would not make any difference and it is not likely that the consumers of timber will fall away on account of this tax. With regard to those dealers who have exporting business, I pointed out to them that in the bulk of their business they would not be subjected to this last point tax which they wanted to remove. They wanted to remove all but one point or at least they wanted only that at the last point it may be free. But I pointed out to them that their interpretation of the provisions of this measure was wrong and that they are not really to pay the tax which they were afraid they would have to pay. Then there was a consideration among them and some of the gentlemen explained that in some cases perhaps they would have to pay the tax also. But, Sir, it was my impression that they were made to understand that things were not so bad under this measure as they had apprehended it to be and then the discussion ended.

"Now, I have only to repeat the same thing. I say that the burden that is intended to be placed here on the trade on timber is on all timber in the Province and so far as the export of timber to foreign markets is concerned, the conditions are far too numerous. The conditions and advantages which one or another dealer enjoys in respect of timber in foreign markets as compared

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with our own dealers are so many and so various that this particular levy will not materially affect the position. It would be difficult to make everything free from this tax. But the present amendment limits itself to requesting Government to consider one point taxation in favour of timber also. I should submit, Sir, that according to our calculations it may not be affected materially. This tax will not materially affect the timber trade. But if we find any great difficulty in the matter it would be certainly open to reconsideration. At present I should submit that no particular exemptions need be asked for beyond what have already been provided for. We would be launched in numerous relative difficulties and considerations and the whole thing will become impossible if we begin to consider one particular trade or another. Already I am beginning to feel that what has been done in respect of hides and skins and in respect of cotton has led to all these difficulties. Possibly the Government might have been wiser not to have launched on any selective exemption at all, but we need not go back upon what we have done. I should submit that we need not make the difficulty greater than it is now. That is the reason, Sir, which I tender for consideration in order to reject this amendment."

The amendment was put and lost. 11-45 a.m.

Clause 6 was put and carried.

Clause 7.

MR. PRESIDENT:—" Clause 7."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" With your permission, Mr. President, I want to make a statement. Just now we intend leaving the House and before we leave the House, we want to make a statement."

THE HON. SRI C. RAJAGOPALACHARIAR:—" May I rise on a point of order? Is the question with respect to clause 7?"

SRI B. NARAYANASWAMI NAYUDU:—" No."

THE HON. SRI C. RAJAGOPALACHARIAR:—" The question now before the House is the consideration of clause 7 and the amendments in respect of clause 7. Hon. Members are free to rise in respect of that clause. But I do not know if the hon. Member has given notice of any amendments in respect of clause 7."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—" We, as a party, do not want to take part further in the discussion of the Bill. That is why I want to make a statement on behalf of the party so that . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Can one have any demonstration at any time, Sir? There is a point at which you can do so. I want an orderly demonstration and it should not be out of place. If clause 7 is taken up, it may be made then in the course of the speech. But a mere speech and a demonstration is not within the agenda."

DR. SIR K. V. REDDI NAYUDU:—"We wish to make it at this stage as clause 6 has been defeated."

THE HON. SRI C. RAJAGOPALACHARIAR:—"But clause 7 has been taken up. Don't you wait till that is over?"

DR. SIR K. V. REDDI NAYUDU:—"There is no point, Sir, in waiting till it is disposed of."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Let me make a respectful suggestion not only to you, Sir, but also for the consideration of hon. Members who wish to make any such thing. It is possible and it is open for any one to rise and go away. A spontaneous demonstration of that kind appeals to me as one who has some experience of such demonstrations. But a very well considered procedure like that should be well considered in all respects, that is to say, it should be orderly. If any particular person wishes to speak in this part of the debate in the second reading when clause by clause is put, that occasion may be availed of. But we cannot use this opportunity, when clause by clause is taken up for consideration, for any particular Member making a general statement and demonstration. So I beg to state that if the Leader of the Opposition is fed up with the whole of the business, he may do so in an orderly manner and show his being fed up, and not as if the demonstration was included in the agenda or general procedure."

DR. SIR K. V. REDDI NAYUDU:—"May I submit, Mr. President, that the Hon. the Leader of the Opposition has risen just as you rose? That the Prime Minister should take advantage of the fact that the President has started by saying clause 7 . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"What advantage is it to me, Sir?"

DR. SIR K. V. REDDI NAYUDU:—"We are not going to make any speech. Not more than two sentences will be stated."

MR. PRESIDENT:—"I have already said that clause 7 was taken up."

DR. SIR K. V. REDDI NAYUDU:—"Very well, Sir, if that is your order, we will obey."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I raise this Sir, not because there is any advantage to me, but because there should be something like orderliness in the procedure."

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DR. SIR K. V. REDDI NAYUDU :—" Mere love of Opposition, Sir."

* SIR FRANK BIRLEY :—" Sir, I beg to move—

For clause 7, *substitute* the following :—

' *Sales or purchases of goods for delivery outside the Province, if such goods are so delivered, shall be exempt from taxation under section* 3." '

Mr. President, in view of the fact that Government have—I was going to say generously but I am afraid it is too parsimonious a concession to be described as a generous one—agreed to give a rebate of one-half of the tax in the case of goods manufactured in the Presidency and exported to places outside the Presidency, it may be considered that I am asking too much and to tell the truth, I would not have had the temerity to move this amendment had not the case for it been so overwhelmingly strong. Another reason which made me wonder was the remark that the Hon. the Prime Minister made in reply in dealing with the last amendment that he was afraid that he had gone very far in giving the concession he had given to hides and skins and cotton. This made my flesh creep, if not my hair stand on end (Laughter). Briefly stated the case is that any sales tax applied to manufactures in the Province for export is nothing more and nothing less than a subsidy to competitors in other Provinces. That, I think, Sir, is one of the irrefutable arguments. In these days one hears much of protective tariffs designed so as to protect the industries of a country but it is seldom—and in fact I might go so far as to say that it is unique—that a Government commits itself to a self-denying ordinance of this nature and actually taxes its goods so as to give an advantage to its competitors in any other Presidency or in any other country and in the interests of the industries of this Province, I trust that Government will accept this amendment."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am sorry, Sir, that Government have gone as far as they can in regard to the matter and it is my request that the matter may be left at that. Any further expansion of that exemption will lead to more difficulties. As regards the general proposition made by Sir Frank Birley, he may be right, but it is a question of principle whether this ½ per cent tax will really amount to a subsidy in the foreign market. Those articles which go from this Province have certain intrinsic merit and advantage and if we try to start negative tariff walls against neighbouring Provinces, we do not know where it will land us. We have to see that we deal with them in a manner under which they may even have an advantage. I should like to have that on our side."

* SIR FRANK BIRLEY :—" Excuse me, Sir, I am not asking for a subsidy on the products of this Presidency. I am merely asking for equal treatment."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I did not make that statement, though my words might have led to that. I do understand the purpose of the whole thing. The 50 per cent rebate that we have provided in the case of articles which we put in foreign markets is something of a protection, something of a saving at least of a disadvantage. In that way, I may call it a protection. But if I explain this, we would have a strong case for proper treatment of our Province in all other provinces. If we proceed a little too far, I submit that we do not know where the other provinces may stop. In spite of all these safeguards, I do not want to start such an atmosphere. I submit that clause 7 as it is just gives a certain degree of protection and at the same time has a flavour about it which will help us in dealing with other provinces. I commend this aspect of the matter to the wisdom of those who are interested in the manufacture of export abroad. I tell them that it is likely that in course of time—human nature is such, selfishness of the provinces is such, the insularity of provinces is such—we will have a very bad atmosphere, if we once begin wrongly. It is that which makes me hesitate to consider the suggestion that has been made. At the same time we do not want to reject altogether. I am not a businessman but I do commend that aspect of the matter to which I have given expression to, to those in commerce and manufactures. There is something worth consideration in what I have said."

The amendment was put and lost.

Clause 7 was put and carried.

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" Can I rise, Sir? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" May I again rise on a point of order? I am sorry. I do not really stand in the way of what the Leader of the Opposition wants to do. I only regret that he is unable to put the screw where it is to be put in. I have to give a piece of advice so to say against myself. But I may do so as one who has some experience of other people's demonstrations of that kind. I myself have never demonstrated in that manner up till now. In a second reading when a clause is proposed or when an amendment is discussed, it is open to any Member to rise and speak on that amendment and that opportunity must and should be made use of for the purpose of making any statements in respect of the discussion. It cannot come about without any clause or amendment. It cannot come at this stage. That is what I wish to point out."

II.—STATEMENTS *re* THE WALK OUT OF A SECTION OF THE HOUSE.

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"I do not want to make any statement with regard to the Bill. What I want to say is that if we leave the House quietly, it may mean that we do not respect the Chair. It is only with regard to that attitude of ours I will say a few words and I am not going to make any speech. I am not a believer in stunts and empty demonstrations. We have come to the conclusion that in view of the attitude taken by the Hon. the Prime Minister, there is no use in our taking part any further in respect of this Bill."

(At this time the clock struck twelve. The Hon. Dr. T. S. S. Rajan was heard to remark (in Tamil) "*Sakhunamdan*" and Sri Rao Bahadur N. R. Samiappa Mudaliyar retorted "*Ungalukumthan*," as you can finish the other provisions of the Bill soon." 12 noon.

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"We are leaving the House, Sir, and in doing so, on my own behalf and on behalf of friends following me I wish to assure the Chair that we mean no disrespect to the Chair."

[Mr. Samiappa Mudaliyar and members of his party then left the House.]

DR. SIR K. V. REDDI NAYUDU:—"I should like to say the same thing in very few words. Sir, on behalf of the National Democratic Party, I beg leave to make this statement. From the attitude taken by the Hon. the Prime Minister towards the amendments proposed by the Opposition groups and the replies given by him, we find that not only is the mind of the Prime Minister made up to reject every amendment, but even the ordinary courtesies commonly observed in Parliamentary debates are not shown to us. We therefore think that no useful purpose will be served by our continuing to take any further part in the discussions on this Bill, and we withdraw from the House.

"In doing so, Mr. President, I wish to add on my own behalf and on behalf of the other Members of my group that we mean no discourtesy at all to the Chair. (Four or five Members were then seen rising from their seats and walking out)."

THE HON. SRI C. RAJAGOPALACHARIAR:—"May I ask the hon. Member's attention for a minute? I should like to know particulars about the discourtesies that are imputed to me. (After a pause) I must complain, Sir, that hon. Members who not only left, but left saying that I was guilty of certain discourtesies, should have the courtesy to explain or enumerate them. I am thoroughly at a loss to understand what discourtesies have been referred to in this matter. I myself am not conscious of any single act of discourtesy."

THE HON. THE PRESIDENT:—"I entirely agree with the

Clause 8.

MR. PRESIDENT:—" As the hon. Member who has given notice of an amendment to clause 8 is not in his place, his amendment is treated as withdrawn."

Clause 8 was then put and carried.

Clauses 9, 10, 11, 12 and 13 were put and carried.

Clause 14.

Sub-clauses (1) and (2).

* SIR FRANK BIRLEY:—" Mr. President, I move

> '*In sub-clause* (1) after *the words "any officer" occurring in line* 1, insert *the words " not below the rank of Revenue Divisional Officer," and in sub-clause* (2) after the *words " such officers " in the fifth line* insert *the words " not below the rank of Revenue Divisional Officer* '."

" Sir, clause 14 gives almost inquisitorial powers to the officers of the Government. The amendments which I have proposed are intended to restrict the rank of officers empowered by the Provincial Government to such powers. I have proposed that the Provincial Government may not grant such powers to officers below the rank of the Revenue Divisional officers. Under the Income-tax Act only the Income-tax officer is allowed to call for books of accounts. He may not even depute his head clerk for this work. When such a restriction is considered necessary in the case of the Income-tax Act, I submit it is equally desirable to put such a restriction here also in view of the very wide powers which are indicated in this clause 14. Sir, here is another amendment which I should be only too glad to withdraw if I could have an assurance from the Hon. the Premier that in the rules to be framed some notice will be taken of the necessity to restrict the juniority of the officer who has these inquisitorial powers over one's accounts."

The amendments were duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I at once rise to accept the suggestion made by Sir Frank Birley in regard to providing for safeguards against any misuse of the powers given under this clause in the rules to be framed. As a matter of fact, I would draw Sir Frank's attention to the fact that we have introduced in this clause the phrase ' any officer empowered by the Provincial Government in this behalf '. So that it does not come automatically within the duties of any officer. The Provincial Government will have to authorize officers specially.

I promise that every attention will be paid to the two aspects of the matter pointed out, viz., the necessity for confidence in regard to the accounts, the status of the officers in dealing with them and the necessity for avoiding anything like oppression in regard to the matter. These will be fully considered and the rules I am sure will give satisfaction to the trade in this regard."

SIR FRANK BIRLEY :—" In view of the Hon. the Premier's explanations, I am prepared to withdraw my amendments."

The amendments were, by leave, withdrawn.

Clauses 14, 15, 16, 17 and 18 were then put and carried.

Clause 19.

Sub-clause (2) (1).

* SIR FRANK BIRLEY :—" Mr. President, I beg to move—

' *Omit clause 19, sub-clause (2) (1).*'

This, Sir, is our old friend sub-clause (*g*) of clause 32 of the Tobacco Bill. All I wish to say therefore is that every word I have said about that sub-clause applies with equal force to this sub-clause. I feel, Sir, that I need say no more to commend this amendment to the favourable vote of this House."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, without waiting for any one to second the amendment, I should like to give the same assurance that I gave with reference to a similar amendment moved to the Tobacco Bill when that was under debate. This sub-clause (1) of clause 19 (2), as well as clause 21 to which we are coming presently deal with kindred powers. The power that we seek to take from the House is to provide for difficulties and provide for lacunæ under the provisions of this Bill when it becomes law. How these are necessary I have already explained. They are not intended to alter the law as approved by the House. They are not intended to add substantially, without legislative sanction, to the laws of the land. They are intended to carry out the purposes and the objects of the laws which have already been passed. That is the scope for the exercise of power for which we want sanction under these two provisions, 19 (2) (1) and 21 coming up later. It is not intended as an escape from legislative sanction. It is intended only to provide that the legislative authority may not fail for want of proper machinery to be carried out. In spite of the literature on the subject and the difference of opinion on the subject some years ago, as I said the other day, the opinion now in the modern administrative and legal world is more or less unanimous that this should be tolerated. It is not considered a fine perfection of legal construction, but, at the same time, people see that these are one of the necessary

evils that they have to submit themselves to in dealing with the complicated business of modern administration. Yesterday a legal friend of mine handed to me a learned work in which the whole thing has been summarized. A Committee sat in Britain to enquire into all these matters and from various points of view examined what are called Ministers' powers and have offered considered judgment. I can summarize it like this: that this kind of power is to be tolerated in the modern world and is being tolerated in civilized democratic couutries like even England. It is only under this justification that we want these powers.

"A passage was quoted from a speech of the Hon. Dr. Subbarayan by somebody the other day. Dr. Subbarayan had referred to the fact that a particular measure was a measure amending the existing law and therefore we may not be able to know how the amendment will work. But when on a particular occasion this power is justified, with reference to that particular subject, it does not mean that there is no justification with reference to any other subject whatsoever. That is not a correct argument. I maintain that when dealing with administrative machinery and when dealing with a kind of tax that is newly started with respect to the complicated business of trade and commerce, some difficulties will have to be overcome. Hence the necessity for this rule. But I assure the House that it will not be utilized in order to escape from the legislative machinery of the land. It will only be utilized to give effect to the will of the Legislature as already expressed in this measure."

* SIR FRANK BIRLEY:—"In view of the Hon. the Prime Minister's assurance, I withdraw my amendment."

The amendment was, by leave, withdrawn.

Clauses 19 and 20 were put and carried.

Clause 21.

* SIR FRANK BIRLEY:—"Sir, my amendment reads thus—

'*Omit clause* 21.'

This is another old friend like the one which we discussed just now. But I see that the Hon. the Prime Minister has dealt with it fully when he replied to my previous amendment. In the circumstances, I do not move my amendment."

Clause 21 was then put and carried.

Clause 1 was then put and carried.

The Preamble was then put and carried.

12-15 p.m. * THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I move—

'*that the Bill be passed into law.*'

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" I hope that hon. Members will bear with me for a few minutes on this occasion. I have already explained the policy, the programme and the commitments which lead to this taxation measure. An objection has been raised to this taxation measure to the effect that there is no financial justification for it. Arguments were the same with respect to this as to the other measure with regard to tobacco. But this being a general sales tax, it is but right that hon. Members who raised the objection should reiterate it with all the energy they could command. Estimates with reference to the probable revenues that may be derived from this taxation measure were made. Some hon. Members struck to what I consider an over-estimation which they had made previously. But Mr. Ramalingam Chettiyar whose views expressed on an unofficial occasion had been depended upon by many hon. Members opposite who have sought to exaggerate the possible income that might be derived from this taxation measure, was good enough to rise and explain how he estimated that income and how it should now have to be altered and therefore it could not be quoted by hon. Members opposite. In spite of what Mr. Ramalingam Chettiyar stated that his own estimate had no application to the Bill as it now stands, some hon. Members opposite and some of the newspapers acting as their organ of propaganda in respect of this matter have continued to mistake and misstate Mr. Ramalingam Chettiyar's position. It was stated that Mr. Ramalingam Chettiyar had even now said that 8 or 12 crores of rupees could be got from this measure. Even Mr. Ramalingam Chettiyar does not think so. He said exactly the opposite. The estimate we make on behalf of the Government from all the new taxation measures that we have passed, when they become law and if fully enforced, will be in a full year not more than one and a half, and certainly not more than two, crores net after expenses of collection have been paid for. That would be for a full year when everything is in order and after the machinery is set in proper form and paid for. This is a substantial approach to making up the deficit that is bound to arise according to our programme to which we are committed and which we have started already. Even then it would not be a complete solution, it would only be a substantial approach to the solution. This is the main justification for the taxation measures. Had it been merely a question of a year's budgetary adjustment, some of the arguments advanced on the other side would have been correct. It is not merely a particular year's budgetary adjustment, but a scheme of readjustment of the tax burden imposed on the people of the Province. Therefore we cannot stop half-way and we cannot reduce the measure to a proportion which would just satisfy a year's budgetary requisite and stop there. We have to make it cover a field which would cover the taxation readjustment which we desire to make.

" What that readjustment is, I have explained already at some length. I do not wish to go over that ground again. I have stated

fairly clearly and I think fairly convincingly that the four crores of rupees that have been derived from, as I have calculated, only four lakhs of people in our Province, is an iniquitous impost on those people. If that burden is distributed or sought to be distributed if not fully, at least to half the extent over a much larger number of people and a wider field, the result would be not increased unfairness, but increased fairness of distribution of the burden of taxation. That was my plea and on that mainly this measure should stand or fall. If that argument is wrong, this measure is wrong. If that argument is right, this measure is right. It is wrong for a Government to put more than one-fourth of its entire annual expenditure upon just four lakhs of people who are addicted to a particular craving. If that argument is correct, then this measure is correct. If it is right to put that burden upon these people, then this measure is unnecessary and we can continue to impose that burden.

"Again references were made by me and hon. Members on the other side tried to refute my position with regard to the present scheme of taxation on land. Sir K. V. Reddi, who is not here, said that there was once a dispute whether land revenue should be called a tax or rent and that now we call it excise and that this was a third definition for which he had not been prepared. Why should he not be prepared, I ask. We have to be prepared for a thorough overhaul of all our ideas in respect of very many fundamental matters which had been taken for granted before. Once upon a time, private property was taken for granted and the only question was whether what was levied on land was a tax or was a rent. But to-day the sense of private property has been shaken very much. Everything is taken more or less as in the nature of a trust. Even in States where the system of private property is accepted as the main skeleton of the economic structure, even in those countries, private property is treated as a trust. Then with regard to the land revenue that we derive, I look upon it as an excise on the produce of the land. I think there is justification for that view. I think the excise amounts to not less than 25 per cent of the produce of the land, of one of the fundamental articles which hon. Members pleaded here should be completely exempt from the present taxation. If we have to exempt it from any burden we have to exempt it from the main burden, namely, the excise that I referred to, that is to say, the land revenue. In order to do that, we have to distribute the tax on all. We cannot save any one person altogether from all duties. That is the justification for this tax. If that argument of mine is wrong, then this measure is wrong. If that argument of mine is right, then this measure is right, apart from details and amendments to particular sections.

"The objections that were raised run mainly into two channels. It was pointed out that export trade would suffer by any system of sales taxes. This is an old argument and this is considerably

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strengthened by the fact that in the previous cases where the sales tax was imposed in the West, this tax was thought to be a heavy burden on the exports and the States concerned did not place such a burden on exports. In those States exports played such an important part that, in view of their inter-State relationship, they avoided putting this burden on exports. That history however is not exactly parallel to ours. The nature of the tax that we impose is different, the nature of the structure of our trade is different and our boundaries also are different. In every way we are differently placed. Therefore wholesale exemptions in favour of exports from the sales tax could not possibly be entertained by us. We have made substantial concessions in favour of exports. We have made not only special wholesale exemptions, but also partial exemptions. We have exempted certain classes; we have exempted dealers with a turnover of less than Rs. 10,000. I therefore submit that all the arguments in favour of exempting exports should not be considered as final or far too important to be ignored in respect of the particular measure we are proposing. I submit that the measure is justifiable even in respect of the tax on the exports because the tax is very light and it is necessary for the financial adjustments that we desire to make.

" Then, Sir, another objection ran along one other channel and that was with regard to the cumulative character of the tax. It is said that we are levying the tax at all stages and that it will be a very heavy burden on the trade. But Government feel that trade will not suffer in the consumption of goods unless indeed businessmen act very wrongly, unless indeed businessmen combine to increase prices beyond the needs arising out of the payment of this tax. I know there will be strong temptation to do so and feeble attempts have been made by unscrupulous people even now to charge three pies and six pies in the rupee at odd corners in the Province where nobody may be expected to correct mischief. There are unscrupulous men enough in the country who will make money out of any situation. The fact that the sales tax is being discussed in Madras is enough for such people to exploit others and make money in some parts of the country. We are not dealing with such arguments and such circumstances. They will come to an untimely end. Vices of that kind cannot last long. Men are wise enough and shrewd enough to nip those things at a fairly early stage. They will come to a termination very soon. But dealing with ordinary traders, I say that if they do not act unfairly and do not put too much screw on the consumers, trade will not suffer as a natural and normal result of the tax that we are imposing. That is to say, consumption will not go down on account of this.

" Sir, let us examine one case which was most strongly pressed —food-stuffs. Let us make a calculation. People may make varying calculations according to the size of the family and the status

of the people. Let us make a rough calculation of the actual food-stuffs purchased by a family for purposes of food only and not for trade purposes. If we make a calculation, we will find that the tax on those food-stuffs will not come to more than 4, 5 or 6 annas a month. This is the extra cost for a family on account of this tax, even calculating that this half per cent is levied at three stages and no exemption is available to them. In spite of taking it even at three or four stages, the burden per month on account of the food-stuffs purchased for consumption as food-stuffs will not be more than 4 or 5 annas a month for a family. Therefore, if traders will not deceive people, I say this tax is not going to ruin the people and make the cost of living very much more than it was before. That is my justification with reference to this argument.

" Then I suggest also one other aspect for consideration. This tax is going to help in the process of a healthy reorganization of trade itself, of the machinery of trade itself. Unnecessary and useless speculations and dangerous gamblings will have to pay a tax for that adventure and they will go out if we are wise enough. It is not a bad thing for business. There will be a certain amount of healthy integration of business and men will not swarm in the shape of intermediaries and pounce upon the producer before his article reaches the exporter. There will be less and less of a parasitic character in the machine and more and more of healthy
12-30 p.m. reorganization.

" The main argument pressed by the Opposition was: 'This is a poor country; do not therefore tax trade.' I cannot, Sir, follow this argument. If this country is poor, I cannot understand why —the sequence of the argument—business should not be taxed. If the country is poor, should the business man be allowed to go free without being taxed? There is a vast market here, though the purchasing power of each individual is small and that is the great attraction of our country for the whole world. There is a vast market in our country though each individual's purchasing power is small; trades are organized on that basis. Therefore it is that a small tax on trade will not really and materially affect the individual; it may possibly affect the profits of the businessmen. If the businessman will not consider this tax as an indirect incidence of taxation on the consumer and if he will lighten the burden as far as possible, this tax will not go to the ruin of the people. If exploitation is stopped by those who are in the trade and, as they must do, if they help to stop this exploitation and if they really mean well by the poor, as I have already stated, I do not think the imposition of this tax will hurt the consumer or purchaser in our country. On the other hand there would be just adjustment of taxation which is necessary to-day and in this all should co-operate. Therefore we have taken this position, Sir, and we propose to levy this sales tax in spite of the apparent unpopularity or the difficulty of it. I am glad to say that the people have very

soon understood the truth and the effects of the preliminary irritation, apprehension and fear with which they started have greatly subsided and people have understood how things really stand and why it is necessary that they should support this Bill.

"If you are going to proceed with proper use of this money, it was stated by some hon. Members that they would have no objection to this measure. I say so again, I have said it already, that they will soon see that a very substantial and forward step in regard to Prohibition will be the natural corollary of the imposition and the acceptance of this tax. Then people will bless this Government and there will be no intricate arguments against the taxation as such, that it is a heavy, wrong and unjust taxation. Then taxation would not be objected to. Taxation is one of the defences against revolutionary changes in the economic structure of our country. If people do not want a further and much more terrible change in the existing order of things, we have to submit ourselves to heavier and heavier taxation; those who are well off have to submit to such taxation. People who are in the middle classes also have to submit to a little extra taxation, because hitherto, they have relatively and comparatively escaped the burden; we have put all the burden on those who are below us. Therefore I do hope that good sense will prevail and there will be no difficulty for this country to accept the taxation as a civilized step for the maintenance and welfare of the people of this Province. Taxation as such will not be objected to by people. Our people are sensitive; what they should object to and what I would encourage them to do, is a heavy and unjust imposition of taxation on particular classes of people, specially on the poor people. I hope, Mr. President, the Bill will be passed into law."

* KHAN BAHADUR SIR MAHOMED USMAN SAHIB BAHADUR:—"Mr. President, just a word or two. I am sure the feeling in this House is one of great appreciation of the attitude of my hon. Friend, Sir Frank Birley, towards the hon. Members of this House. He has made speeches yesterday and today—strong speeches—but there was one thing lacking in them; that is personal bitterness either against the Hon. Prime Minister or against the Hon. Members of the Government because they are still continuing to sit on the Treasury Bench. I do not like to say much on the Bill at this stage; but I would like to point out that I have voted against every amendment brought forward by hon. Members on this side, because there is no use passing a legislation which will give no revenue to the Government. I support this Bill on account of the fact that it will ultimately raise the condition of the poor of this country. We have simply to go to a village and find the condition of the poor there. They hardly get one meal a day; they have no proper clothes to wear; they live in poverty and dirt. When you have got Provincial

Autonomy, it is the duty of the people's Government to see that the condition of the people is improved. So long as I find the Congress Government doing things in the right direction, doing things to raise the condition of the poor people both morally and materially, I cannot but support this taxation measure.

"I should like to say on the same lines as was said by my hon. Friend, Mr. Ramalingam Chettiyar yesterday. These taxation measures are new to our country. There may be so many defects. Even the rules that may be made, may be found to work much hardship in particular cases. I am sure the Hon. the Prime Minister who is always courteous and who is always reasonable, will take the earliest opportunity not only to change the rules when difficulties are pointed out but also to amend the Act when great hardships are brought to his notice. Sir, I do not like to say anything further than to thank the Hon. the Prime Minister for doing his best to see that the great ideal of Prohibition becomes a success in our Province."

* SIR FRANK BIRLEY :—"Sir, I cannot help saying a few words to thank Sir Mahomed Usman for the very kind reference he made to me to-day. I have a strong suspicion that in a few minutes this Bill will be passed into law and I am sorry I shall not be able to congratulate the Hon. the Prime Minister on the passage of this Bill in its present form. But I can congratulate him and I do congratulate him on the maintenance of his urbanity and courtesy throughout this long and very trying session; coming as it does on the top of another trying session in the lower House. A lesser man would most certainly have lost his temper and perhaps would have been ruder to us than we were to him. Now, Sir, I would like to add—now that it is all over—that I find myself unable to controvert the argument that the effect of the financial policy of this Government must to a very great extent, shift the burden of taxation from the poor to the not so poor and it also has the merit which the Hon. the Prime Minister claims for it that it broadens the basis of taxation. I was hoping, when I spoke, that my Friends on this side would be present. I do not propose to say anything more about the Bill. I have given my considered opinion and I want to leave it at that. I propose to leave it to the House to decide whether it is an equitable opinion or not. I was also going to say—but unfortunately my Friends have deserted me—without being superior or didactic, very humbly to suggest to them that it is a tactical error in advocacy to which, I am sure my lawyer friends will agree to use arguments which are based on obvious fallacies. Some of the arguments that have been used against this Bill have been almost as fallacious as some of the arguments that have been used in its favour, for example, are arguments used with regard to rule-making powers. However, we

must let bygones be bygones and as I have no colleagues in this House on whose behalf I cannot speak, I must speak only for myself; but if my Friends on this side of the House had been present, I feel sure that they would join with me in wishing the Hon. the Prime Minister and his colleagues a pleasant holiday."

* DR. P. J. THOMAS:—" Mr. President, Sir, I am very much touched by the statement made by the hon. Member, Sir Frank Birley, that this Bill would result in broadening the basis of taxation in this Presidency. There has been a great urge in this country for broadening the basis of taxation, because we need an addition to our resources without burdening poorer classes in the country. It is a great thing indeed to realize that our merchant friends are not so very selfish as is often thought. For the last few weeks or months, a rather noisy agitation has been carried on by some traders. Taxes are always unpopular and necessarily so; nobody wants to pay anything from their pocket. Traders, may I say, throughout the world have been trying to shift the burden from their shoulders to the shoulders of weaker persons. They always found arguments and got men to support them. They claim with a gusto that they must be consulted on all tax proposals; some claim that they alone need be consulted. I know that the Hon. the Prime Minister has shown great consideration to them. I agree with the proposition that those who are interested in the matter must be consulted. Unlike my hon. Friend here, traders and merchants generally do not much fancy the idea of broadening the basis of taxation, because it would affect their purse. This, to my mind, is a selfish attitude. Unlike those in other countries traders in this country have been lightly taxed, and this can be shown by statistical calculations, if necessary. On the other hand, the trading classes have benefited most by Government. The various measures undertaken by the British Government for developing the country have benefited the urban classes, including the professional classes, lawyers, medical men and others, and merchants benefited most. But the poorer classes, especially the rural population have been able to get much out of it, and they still remain where they were except in certain areas where irrigation has been carried out. But, their burdens on the 12-p.m. urban classes were very low from the first and when the Government of India tried to impose an income-tax on them, there gave a stout opposition, and in this the European merchants of Calcutta were loudest. Even when income-tax was imposed, the rates remained low for a long time, and still remain lower than in other countries.

" The sales-tax has roused some opposition, but we must not be cowed down by this. It is true that the trade must not be burdened too much. It has been stated that this half per cent on the turnover will burden the trade heavily. I am not here saying that

we must increase the rate. I found in a newspaper yesterday evening a statement to the effect that I recommended a higher tax than the half per cent tax. I have not said anything like that. As a matter of fact, I have been holding myself that one-fourth per cent would be the proper rate; and that in addition special rates or 1 to 2 per cent must be imposed on certain articles. If this had been done, I should think that in spite of the fears given expression to by the Hon. the Prime Minister, it might even be possible to get as large a revenue as by the present uniform ½ per cent. I am strongly for a low rate on the turnover. I do hope the Hon. the Prime Minister will either reduce the tax-points or cut down the rate if he finds that he has realized the revenue he wants, and he has already given a promise to that effect.

"I fear, Sir, that even now in the mind of the Hon. the Premier the idea is lurking that this tax may be borne by the consumer. I shall be very sorry if this happens. That is why I favour a support a low rate; it is thus possible that the tax will be borne by the traders. After all the traders have a certain margin and in fact, many of them are not paying income-tax or any other tax. The Hon. the Premier pointed out just now that some mischievous traders may impose extra burdens and that they have already begun to do so. I know they will do it. It is reported that they have already begun to deduct the tax from their purchases. The Hon. the Premier thinks that this will be a passing phase. But, I fear that several traders will wantonly exact higher prices from consumers; of course where there is competition, they cannot do so. The trader purchasing goods will shift the burden on to the producer. The public in this country are not sufficiently capable of guarding themselves against such exactions. The rural population are helpless in such matters. We know very well how in this country the poor people have been hoodwinked by the traders and shopkeepers. There has been a regular exploitation going on, especially in the case of the labourers who purchase things in small quantities. This system should not continue for long, but I think there is no way out except in co-operation. It would be a great pity if the sales tax will aggravate this evil.

"In this connexion one thing should be carefully borne in mind. If you want to bring about a re-orientation of the tax-system or broaden the basis of taxation, then this Government has got to be more vigilant in future. A *laissez faire* attitude will not be sufficient. In a country like ours, we require a vigilant Government which will always keep a watch and put down any wanton act on the part of those who have power and influence; because in this country the common people are helpless.

"Then again, Sir, several traders and merchants in this country are threatening to send away some of our clerks and

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reduce the salaries of the remaining members of the establishment, when the sales tax was imposed. If the Government impose extra taxes, they say, some means will have to be found to make good the loss to them and the first step will be to send away some of the employees; or they will pay lower salaries than hitherto. I know there are several persons, graduates and even M.As. who have been employed in business firms on a mere pittance and when they ask for reasonable salaries they are threatened with dismissal, because other graduates can be had in their place. There are quite a good number of these people doing honorary work, expected to get a paid job some day. In fact there are graduates getting wages lower than what menial workers get. So, Sir, it is possible that businessmen who are against this tax will still further depress the condition of their employees, on the pretext that sales tax is a burden on them. I do hope that Government will do something about this miserable state of things. This cannot be allowed to continue. If social justice is to be realized, greater vigilance on the part of Government is necessary.

" Sir, on this occasion, I wish to make an appeal to the Hon. the Prime Minister. Yesterday, Sir, my hon. Friends, Sir Frank Birely and Mr. Saldanha, made out a cogent case for exempting British Cochin from the operation of this Bill. I have made enquiries, and I found that the case for exemption of British Cochin is very formidable. That place is sequestered from the rest of British Malabar; it is surrounded on all sides by the State of Cochin. Already, several shops have migrated from British Cochin to Mattancheri. The position is much worse than has been understood by Government. It is easy for the people of Cochin to make their purchases in the shops at the neighbouring place, Mattancheri. If the railway bridge which is under construction is completed people will go even to Ernakulam and make their purchases. I therefore feel that this is a matter which deserves to be looked into carefully by the Hon. the Prime Minister, and I hope he will do something to rectify this. I do not think much revenue will be lost by this; nor do I think that any other part of the Presidency can make out a case similar to that of British Cochin. That is why I make a special point of appealing to the Prime Minister in regard to this matter on this occasion.

" Finally, Sir, I wish to point out one more thing. Already the Hon. the Prime Minister has told us that this is an adventure in taxation. I can say, Sir, that nowhere in the East has there been a general sales tax. So, Sir, we have to be careful, and every step must be taken with deliberation. Hon. the Prime Minister has been trying to make calculations in regard to this tax, and confessed that we have no data for finding out the turnover of trade in the Presidency. Accurate statistics are therefore essential. Now, Sir, to my mind the first duty of the Government is

to register all the shops. Almost in every country where they have the sales tax, traders were first registered. Here also, we must register all our shops and collect sufficient data so that the true position may be studied. After six months' experience Government must be able to find out the exact turnover and the tendency of the tax to be shifted. All these facts must be collected by the Government, and the public must be supplied with accurate information. Of course, some of the facts may have to be kept confidential, but it does not matter. But so far as possible, such data must be available to the public so that they may see for themselves the trend of things. My own fear is Governments in India including our own are rather unwilling to spend money on any enquiry or any kind of study even in important matters like this. I do not want Government to spend a great deal of money on such investigations. In fact, this purpose could be served if they could use the present establishment for collecting the information. It is a pity that Government could not get accurate information on this subject so far. The Government have a large establishment in the districts, and most other countries do not have such a facility. If this staff could be utilized for collecting information, it would indeed be a great advantage to the country and this will also dispel some of the misunderstandings which many people have got about the tax.

"Sir, if I have supported this measure it is because it forms part of the programme which I myself had before me as to what the Government should do under Provincial Autonomy. I do not think that without a tax on sales any Provincial Government in India to-day could find the necessary resources for their expanding nation-building services or for abolishing the cruel impost of liquor excise. That is why I say that all thinking men should support this measure. There has been a consensus of opinion in this country for a very long time about a reorganization of the tax-system; I think by imposing the tobacco tax and the sales tax we have commenced that process. Of course, the Government may not recognize openly that we are trying to do economic justice, but persons like me consider it in this light. I am no member of any party, but have only to be loyal to my conscience. In my opinion, social justice demands the reorganization of the tax-system. It is on these grounds that I support this measure. I would have been untrue to myself if I did not support the sales tax."

* SRI K. VENKATASWAMI NAYUDU:—"A change in the methods and the principles of taxation hitherto obtaining is very difficult to accomplish. Previously Government were getting revenue from certain sources, and those amounts the Government either spent lavishly or did not know how to spend upon particular objects. A popular Government must see how best the tax burden could be evenly spread among all the people and new principles

have to be evolved towards that end, though they may do violence to the principles hitherto followed by the past Government. It is from that difficult position that the Government have emerged with the Sales Tax Bill and nobody can deny that it would not pass on the burden of taxation to shoulders better able to bear it. The Government have, I am sure, evolved a very sound financial principle and they have given due consideration to the state of trade and such cognate things before this measure has emerged in its present form. As the Hon. the Premier said there are two important things to be considered; the one is the emergence of a socialist state with distribution of wealth as in Russia and if you are not prepared for it, there is only one other alternative, namely, of submitting to taxation which will make the poor people happier and will better their woeful lot. It is necessary that the people that have must give to the people that have not. And that is the principle underlying this Bill. Further there is the principle of prohibition and the giving of relief to the agriculturists who are suffering from an intolerable burden of taxation. For accomplishing these two things, money is necessary; and though with the money that we get from these taxes it may not be possible to carry out the entire programme, the people will in due course realize that the system of taxation that is evolved under the Bill is absolutely necessary and there is no other go for the Government.

" Businessmen have a capacity for bargaining and I think that the Opposition has acted from a fairly businesslike point of view. They who have always been helpful to the Government will, I hope, continue to be helpful and come to their rescue and realize as I remarked earlier that this Bill is a necessity.

" I wish to refer to one other thing and that is the charge of want of courtesy on the part of the Hon. the Premier made by one of the members on the Opposition side. I suppose that such a personal hit as that is very uncharitable and we feel it very much. It ought to be plain even to them how patiently he answered every one of the points raised. Even in the Select Committee, he gave ample weight to the views of the Opposition and there was a weightage in their favour in point of numbers. That is an unkindest cut of all. He was the very pink of courtesy throughout the discussions of the Bill and I am glad that my hon. friends Sir Mahomed Usman and Sir Frank Birley have given expression to what they felt about it and how in fact the Premier treated the House."

* THE HON. SRI T. PRAKASAM:—" Mr. President, I did not intend to participate in this debate but I want to correct a mistake made in the reports of yesterday's proceedings in the Press and that is the reason for my rising now. It is represented that I said that fall in prices is due generally speaking to over-production and secondly to shortage of money. It has been by some mistake

stated that there was over-production in this country. It is not correct; on the other hand, we have been having famines and floods which wash away even the moderate production that we are having.

"There is one other matter on which I would like to say a few words. It has been stated by my hon. friend Dr. Thomas that the poor people were being exploited by the traders. It is true; but I may say at the same time that the traders, if we can call them as such, are being exploited by outside people. That is the position so far as exploitation is concerned.

"I like to say one word finally to the merchants, dealers and traders and that is, that they should follow the example of the British merchants and they should adopt the policy and the methods of the British Chamber of Commerce. When Britain was in trouble, similar to what we are having now, when imports exceeded exports in value, when there was an adverse balance of trade, when their markets were flooded with foreign goods, it was not the British Government that moved in the matter. It was the British Chamber of Commerce who acted straightaway though the British Government was very much exercised over it. The Chamber took the lead and they examined the whole condition, appointed a Committee and asked them to go to Russia, investigate into the whole matter and report as to how Russia was able to flood the British market. The Committee examined the whole matter and found out that they in Russia were able to produce goods below the cost of production in England. On their advice, the Government took steps to get over that trouble. So, I request the traders to meet in conference and examine the position carefully why their markets are filled with foreign goods and why this country is in this condition. They should find out ways and means to remedy this defect and improve the position. This is their primary duty. If they do this, trade will be balanced, prosperity would be ours and the Government would be able to back them up."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I am thankful to the members of the House who were so kind as to appreciate the conduct of the debate as far as I could contribute to it in point of courtesy and patience. Particularly am I thankful to the remarks of Sir Mahomed Usman and Sir Frank Birley in their defending me against the impatient remarks with which some of the members opposite finished off their participation in the debate. I do not think it would be right to conclude this debate without tendering my thanks to them. Further, I do not think that it has been any great strain for me to be courteous or patient. I confess, I see very great reason in the opposite point of view put before me by those who do not agree with me and I find it rather

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hard to differ but not to be courteous or to be patient. I am glad that the Bill has been commented upon in broad terms even as I interpret what fell from Sir Frank Birley. If I heard him correctly, I think that he admitted that it has broadened the basis of taxation and it has shifted the burden from the poor to those who are not so poor. That is the main motive of this measure and that is the main justification for this measure. Details can and will always be open to correction. It is the main purpose that is the important part of any measure and I am glad to see, even though there has been a substantial difference of opinion between other schools of thought and the Government, this fact has emerged and that is, that it has shifted the burden from the rich to the poor and it is a matter for great consolation. I move that the Bill be approved by the House and passed in law."

The motion was put and carried and the Bill was passed into law.

The House then adjourned *sine die*.

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